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FDP EMPLOYMENT PROGRAM BASED FIRMLY ON MARKET ECONOMY

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 26 Oct 81 p 13

[Article: "FDP Policy to Be Firmly Based on Market Economy--Employment Policy Program Defined--'Small Party Conference' in Mainz"]

[Text] Mainz, 25 October--As far as the FDP is concerned, a growth in overall demand is a mandatory prerequisite for an improvement in the employment situation. The key issue for a liberal strategy toward more employment must therefore constitute measures for stimulating private investment, rather than disbursement of public funds. A stable set of circumstances, it is said, is just as important as are incentives for development and innovation and the removal of obstacles to investment.

In publishing its "Guidelines for a Liberal Program to Overcome Unemployment," the FDP has come out unequivocally for an employment program firmly based on market economics. The Main Federal Committee, the top level party executive body between party conferences, which last Saturday discussed these subjects in Mainz, largely approved a proposal by the leadership with a large majority. Supplementary proposals, especially those by the Saarland District, even served to reinforce this market policy based course. In a relatively extensive analytical portion concerning the causes of unemployment, it became especially clear that the neglect of market economy fundamentals, especially the overburdening of employers with salary and social costs in addition to structural difficulties, had significantly contributed to the loss of existing jobs and to an insufficient growth of new ones.

At the end of the Main Federal Committee's session, Minister for Economics Graf Lambsdorff indicated his great satisfaction over the large majority with which the party had supported the market economy position of his program. In a long introductory statement, the minister for economics had already given a brief version of the FDP program. The applause he received indicated, even prior to the start of the discussions, that Graf Lambsdorff's views would be accepted.

The agenda for the Mainz meeting also called for a discussion of the budget. The delegates complied with the request by Deputy Federal Chairman Wolfgang Mischnick, who had opened the meeting in the absence of chairman Genscher who had not yet returned from Cancun, not to enter into a debate of details on that Monday in view of the deliberations of the coalition. The announcement by Federal Minister of Finance Matthoefer on Saturday morning that a DM 10 billion Bundesbank surplus would be available to balance the budget, served to eliminate a potential point of contention, namely whether or not the Federal debt should be further increased.

According to Lambsdorff, an increase in the Federal debt was no longer a theme of discussion for the coalition debates either; the remaining was too insignificant to warrant that, he said.

Nevertheless, the newly issued guidelines state that additional indebtedness cannot be tolerated. The FDP specifically disdains "short-term prosperity" programs, financed by loans or higher taxes, which would have to compete against private investors on the money markets. Conservative financial policy is considered to be a "basic prerequisite" for establishing credibility which is necessary for an improvement of the economy; "drastic restrictions" in government spending, the guidelines state, are one means toward that end.

Lambsdorff: Salaries Have Increased Too Much

In his introductory remarks, the minister for economics had already mentioned some "sensitive issues," which however must no longer be permitted to remain unmentionable. He was speaking of the distortions in the salary structure, provoked by the large proportion of salary costs in comparison with capital expenditures; exaggerated pay to nonproductive as compared with productive workers; and the temptation of earning more by drawing unemployment compensation while doing unreported work and "other tricks" rather than through normal employment. He appealed to the ethics of all groups concerned; one's own efforts and performance, rather than luck and government decrees, he said, could turn the employment picture around.

In this context, the minister for economics once again challenged the responsible parties to "fix salaries realistically in accordance with the situation." They were well aware of the change in economic conditions; but Lambsdorff considers salary increases of the last 2 years to be too high. "Employers who want to and should make investments, must make a profit."

The proposal concerning a shortening of the lifetime employment span was reduced to a marginal role. Lambsdorff spoke of a "tangential" measure which should be thought about, along with others such as job sharing. The FDP apparently wants to give greater emphasis to a discussion of a waiting period prior to resuming salary payments in case of illness; this would be an important means of making the employers' cost burden bearable once again. However, to implement this, the legal and salary scale policy prerequisites would have to be well clarified in advance.

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CSO: 3103/76

FIAT 'WHITE PAPER' ON PRIVATE, PUBLIC INDUSTRY COOPERATION

Rome IL FIORINO in Italian 6 Oct 81 pp 10-11

[Text] Automobile, steel, telecommunications: three plans for the "Italian System." The proposals originated with FIAT and are addressed to the State Participation sector. The idea is a concerted effort to get out of the recession by all the key movers of the economic system.

There are three sectors of the economy among which, according to FIAT, it is possible to construct a strategy of collaboration between public and private enterprise. They are the automobile industry, specialty steels, and telecommunications, all three of them of unquestionable and fundamental importance to the "Italia System."

So as to provide a detailed introduction to its proposals, the Turin automaker has prepared an "explanatory contribution" which sums up the status of each sector and cites some possible guidelines leading to meaningful collaboration in the interests of the nation's economy. What follows is a detailed summary.

The increasingly obvious vulnerability of the Italian industrial system to the new international challenges and the growing understanding, on the part of the government, of the need for implementing a public intervention policy designed more to restore conditions for genuine competition than to perpetuate a system of ineffectual subsidies, make it possible now, for the first time, to take an overall look -- from a proper perspective -- at the problems besetting our industrial system.

The recession in Italy's major industry is a fact to be reckoned with for both public and private enterprise, albeit in different ways and to varying degrees. Discouraging year-end balances, inadequate self-financing, difficulty in protecting market shares, particularly abroad, growing technological dependence, and the need to cut back on jobs are the most visible evidence of the deepening troubles of big business. The endemic nature of this recession, which affects almost all of the major sectors of industry (steel, telecommunications, chemicals, automobiles, etc.), suggests that it has at least some structural causes both in-house and external, which are common to all sectors. A number

of startling changes in the international environment, such as: the dwindling of the initial postwar development cycle in Europe, the collapse of the international economic order based on the stability of the dollar, and the emergence of a new international division of labor have had an intensified impact on our country's productive structure. The disparity in per-capita income between Italy and the other leading members of the European Community has widened appallingly over the last decade.

The causes for this weakness, which reflects our "2-speed Europe," are clearly identifiable: the failure to adopt common policies at the European level consistent with the maintenance of market unity; our own political, social, and labor behavior, so widely disparate from that of Northern Europe; industrial policies which are markedly divergent insofar as support for the processes of streamlining and innovation are concerned; fiscal policies which, in Italy, tend to weigh more heavily on production than on consumption and on industry than on the other sectors of the economy; the overall effects of "retarded development" on the context within which we must operate (the educational effort, the research effort, the efficiency of the civil service, etc.).

In short, the unification of the European market has not been accompanied by common policies and by adequately concerted production. That failure triggered a competition among "national systems" within a customs union, and subsequently an environment very unfavorable for the "Italy System." This was how there came to be a rapidly shrinking market share for Italy by comparison with the other countries, which would have called for expeditious and massive rearrangements to achieve major dimensions within specialized product/market segments. What happened instead was overlong persistence in a dispersive and fragmentary industrial policy, surrendering to recalcitrant behavior on the part of organized labor which made any such rearrangements all but impossible and which, in some instances, provided a ready-made alibi for sporadic conservatism on the part of management.

Clearly, there can be no further delay in reworking the industrial fabric in our country, under pain of seeing Italy's entire productive system dropped out of the European competitive context, which is the only one that can promise the development of corporate dimensions on the scale of those in America and in Japan. Full participation by Italian industry in the new European division of labor must be pursued relentlessly, but also without any featherheaded gun-jumping, like buying up foreign companies which do not fit into a logic of expanding industrial synergy, but tend, on the contrary, to obfuscate and put off facing the structural problems besetting our corporations.

Italian industry cannot aspire to anything but second-level collaboration within the sphere of Europe's industrial restructuring process without first resolving the thorniest of the internal problems that hamper its development.

Any strategy aimed at maximum competitive stance, including a more rational deployment of effort; at achieving greater economies of scale, and at remedying the scattering of financial and managerial commitments

must perforce involve both our major privately owned corporations and the flagships of public enterprise. Collaboration among them is clearly a necessary transition toward fuller insertion of Italian industry into the European context, and it will turn out to be the smoother the sooner the stated goals for State Participation companies are achieved: return to their original reason for being, restoration of their financial health and their ability to attract private capital, adoption of stringent waste-cutting practices by management, etc.

This was the general baseline upon which the recent agreements between FIAT and IRI were reached, calling for a joint study of the feasibility of plans designed to:

- * maximize economies of scale in the automobile industry through agreements to specialize and exchange [parts and assemblies] between FIAT Auto and Alfa Romeo;
- * achieve reorganization of the steel industry according to both our national objectives and Community guidelines, with particular emphasis on the specialty steels producers;
- * improve the chances for an Italian system in telecommunications through collaboration and specialization agreements between Telettra and Italtel.

These three projects are, furthermore, prime examples of the way the whole issue of competition should be approached in a sector like the automobile industry, where we clearly see the full-fledged phenomenon of the interdependence of the world economy and there is increasing development of intra-sectoral trade across national boundaries; in a sector like steel, where Europe still has a costly surplus of productive capacity that must be dealt with; and lastly in a cutting-edge sector like telecommunications, where there is increasingly obvious need for a European effort in response to the challenge from the most advanced industrial powers.

These three major FIAT-IRI plans come in addition to other agreements which have made it possible to make Ansaldo the locomotive power in the nuclear area, to give FIAT Aviation the leadership role in military engines and to improve the supply structure in the rail transport sector through further specialization in the basic missions assigned to FIAT Ferroviaria Sevegliana and to Ansaldo Transporti. These agreements were made possible by the common awareness of the strategic problems facing major Italian industry, which is determined to use this means of laying the groundwork so that necessary government intervention in their support will come in the form of genuine and meaningful investments and will not contribute to a continuation of the present welfare policy for industry's basket cases.

We can get out of this recession with a coordinated effort on the part of everybody who helps make our economy run. The unions will have to grasp the fact that true job security lies in the company's ability to

compete in the marketplace, and therefore to refrain from invoking casuistical opposition to block measures vital to plant conversion and to the recovery of incentives to productivity. Clearly this is going to involve high social costs for reconversion. That problem must be faced and dealt with by the political parties and the unions at the national and Community level.

Lastly, the government must lay down specific guidelines for intervention, designed to stimulate, encourage, and support the reorganization processes. Specifically, it must support the specific innovative efforts upon which depends the competitive capacity of significant areas of a modern industrial structure; this is particularly crucial at a time when the great competitive battle is being fought on the ground of technological challenge. Furthermore, only the government can meet the very urgent need to make public spending cost-effective by upgrading the services and the productivity of this tremendous mass of resources. All efforts to increase productivity in private industry will go for naught unless a major portion of the national income created by government spending sets itself the same goals.

If these conditions are met by industry, by organized labor, and by the government, we shall still have the necessary conditions for Italy's arguments on behalf of its claims to carry greater weight and cogency in the Community forum, particularly insofar as concerns completion of the second phase of the EMS with the creation of a European Monetary Fund, expansion of the Community's budget for industrial, social, and regional policy, and the extension of access to Ecu loans on a Community, rather than a bilateral basis.

Just as, at the national level, adoption of integrated industrial strategies constitutes the foundation for credibility for constructive rather than bail-out public intervention, so at the European level Italy's adoption of behavior consonant with its historic decision to join the Ems will provide the necessary premise for an influx of European capital, public and private, in support of believable industrial projects in our country.

Three Ideas for Making Our Steel Industry Work

Over the last two decades the Italian steel industry has grown at a far more rapid rate than those in other countries, propelled by the growth in domestic consumption which has risen from fourth to second place in Europe. Although production has risen faster than domestic consumption, the production::consumption ratio is among the lowest in the Community.

The growth in the steel industry has affected common steels primarily, since its share of specialty steels vis-à-vis the total output was the highest in the Community as early as 1960.

Even today, as a result of the change in classification which took effect in Europe in 1976, granting a broader interpretation of the term "specialty steels," Italy is at the top of the list in degree of specialization.

Furthermore, production of specialty steels in Italy is more decentralized than in other EEC countries. There are in fact no fewer than 65 producers, only 16 of whom produce more than 20,000 tons per year. A significant index to concentration can be found by the quota of the top four Italian producers in the total of specialty steel produced in each country. That share is 70 percent in Germany and 66 percent in France, while in Italy it is 58 percent. The decentralization of the Italian steel industry is particularly costly in those areas of non-alloyed or mechanically alloyed specialty steels, where possible higher volume of production would allow utilization of more economical production technologies.

The low competitive stance referred to earlier is borne out by the annual reports on sales of semiprocessed steels, which shows a steady decline over the years with the steepest decline coming in the higher-priced products.

This scattering, furthermore, is one of a number of fairly important causes for the difficulties encountered in translating the opportunity afforded by the size of the Italian market into improvement in its competitive position.

Actually we find only one Italian producer of specialty steels in a position of leadership at the European level: the microalloy steels in which Insider heads the list, with output twice that of the number-two European producer, Usinor; Piombino turns almost as much non-alloyed steel as does Krupp.

The concentration level is not so much of handicap in the area of stainless steels.

Another aspect typical of the Italian steel industry is the remarkable proportion of electric furnace production to the total of steel poured, which has risen from 40 percent in 1960 to 53 percent in 1979.

The accompanying trend in the cost of energy sources and raw materials used in the electric furnace and in the closed cycle respectively is making the former steadily less attractive by comparison with the latter.

Furthermore, Italy is severely handicapped by comparison with the other Community countries because of the persisting prevalence of oil as a fuel rather than nuclear power and coal.

These built-in factors of weakness, when applied to specific corporate pictures, are readily perceptible in their profitability indices.

If we leave aside the investment financing procedures, which involve indebtedness relationships, with respect to corporate capital, which are abnormal, particularly for the public corporations, at the yield level (before taxes), we find on the whole a better situation for common than for specialty steels. The latter show profits only in situations of high concentration/specialization (mainly in stainless steels.)

The low and still declining competitive position of the specialty steel area looks the more alarming in that it is rapidly making the transition from a relatively closed setting of national markets into one of greater integration.

It is precisely this wider opening of markets that suggests we start looking right now for some kind of integration between Teksid and Finsider, which together constitute Italy's greatest presence in the world specialty steels market.

FIAT steel, which has historically concentrated on products for the automobile industry, has responded to the opening up of markets with a reconversion to the free market, accentuating its concentration on specialty steels. Finsider, on the other hand, which was involved in specialty steel production only for a few heavy production runs, has moved full-steam into the specialty sector in the wake of its takeover of the former Egam companies (Cogne and Breda).

The two majors, Finsider and FIAT, born in an Italian context, now stand in need of a thorough checkout in the European context. Both of them right now display heavy handicaps both in terms of corporate dimensions and in terms of plant design. As for the dimensional problem, integrated management for Teksid Acciaiai, Breda, Cogne, and Acciaierie Piombino would bring marked improvement into the corresponding scale indices with the European leaders in each segment.

As for plant design, a merger between FIAT and Finsider might allow: maximum utilization of the total cycle (Piombino) to produce the specialty steels for which the electric furnace is not technically or economically indispensable; plant redesign and specialization for the remaining electric furnace capacity of the remaining capacity in the various plants; concentration of rolling production in the most productive plants. This would also make room for a lot of synergy in the research area, not to mention economies in supplying the market: all of these are aspects critical to carving out a niche of its own for Italian-made specialty steels in a context of European and international specialization.

Stated in practical terms, the merger proposal could be broken down into three modernization plans:

1. Making Teksid Acciaiai's general-purpose rolling-mill lines part of Insider. Teksid's cold-rolled sheet steels in broad widths is an intermediate phase between hot-rolling (which would be made part of the upstream blast-furnace part of the steel cycle) and processing for downstream end users (like the automobile industry, home appliances, commercial sheet and tubing, etc.).

Compound-laminate cold-rolling in every European country nowadays ends in downstream integration for all producers, as part of an integrated cycle. FIAT's presence in this phase of steel processing was a reflection of its strategic importance to the automobile industry in an economic and industrial context which has long been outdated.

The way the markets are opening up, as well as the reliability rating lately achieved by our nation's publicly owned steel industry, make it feasible today to fit the cold-rolled steel phase into the Italsider constellation: to make it, in other words, part of a more natural matrix for shaping a productive, market-oriented system.

Make Teksid Acciai's wide-sheet cold-rolling operation part of Terninoss. The stainless steel segment these days is the one area in which the Italian steel industry maintains the most advantageous stance. However, as we have already seen, the current fragmentation diminishes the competitive position of a good many firms. Merging Teksid's stainless steel operations with the state-owned steel companies under the standard of Terninoss -- already far and away the most outstanding company in the industry -- would make it possible for Italy to boast a steel industry of dimensions very close to those of Europe's leading combine (Ugine), and to pocket considerable savings in investment, not to mention simultaneously putting the nation in a better position on the market, especially on the foreign market.

Establishment of a mixed-economy corporation for extra-long special steel products. The plan to reorganize production of extra-long special steels involves Teksid Acciai Speciali, Nuova SIAS, and Acciaierie di Piombino. Piombino, because of its heavy common steel output, might not even be brought into the new mixed-economy corporation, but might instead retain an autonomous position inside the Finsider conglomerate. It is nevertheless worth emphasizing the point that Acciaierie di Piombino will, in any event, have to act as the vital rallying point for the other two companies in the reorganization process, because they can provide an outlet -- in the lower grades of special steels -- for the closed-cycle process which, for an equal level of efficiency, is unquestionably the more economical.

Implementation of so decisive a program -- and studies are already under way on several possible solutions -- will call for immediate availability of all existing or planned tools for making industrial policy in the steel sector, and especially for granting adequate premiums for capacity cutbacks consonant with Community objectives and with our own national goals.

How To Hone the Automobile Industry's Competitive Edge

Italian automobile production, which in 1967 accounted for 20.2 percent of the European total, slid back to 14.9 percent in 1979. Over that same timespan, French production climbed 23 to 31.4 percent, and Germany's from 32.1 to 38.2 percent. In 1980, under the combined thrust of the astounding expansion of the Italian market (up 19 percent) and the sharp decline in the French and German markets (down 5.2 and 7.5 percent, respectively), Italy's share of total European output gained back about a point. This single datum does not change the profound alteration that has come about in the European supply structure: France and Germany now produce 70 percent of all automobiles, and thus can count on a heavy competitive edge.

The root causes for this performance, which reflects the "2-speed Europe" concept, have long been the subject of analysis and argument. Some of these causes are now abundantly clear: Italy's relative impoverishment and consequent shrinkage in the relative dimensions of the domestic market; a market mix that has shifted sharply toward the middle-to-lower market areas, with consequently narrower margins; political, social, and union behavior out of step with that in Northern Europe. A heavy weakening factor, in this context, is the handicap under which Italian makers labor because they must do all research and development work on their own, without access to government programs. According to OECD figures for 1975, overall spending on R&D in the transport sector (aviation excluded) is substantially dependent on market dimensions: if we take Italian spending as a base 100, French spending stands at 151 and German at 217. And yet, if we take the share of public financial backing for all R & D in Italy as a base 100, the French index stands at 489 and the German at 309. Between 1975 and the present, there has been a major increase in government financing for research programs in France as well as in Germany, which unquestionably means that the situation has been considerably aggravated.

The challenges to innovation looming in the present decade render the absence of a public support policy that would put some muscle behind the already limited resources the Italian industry can spare on such investments even more critical.

The relatively limited dimensions of the Italian automobile industry also have an impact on the dimensions of its own input.

The efficiency of that input is weakened on the other hand by excessive numbers of small operations which prevent both achievement of economies of scale and the building of adequate self-financing capital to sustain the processes of technical and technological innovation.

Disparities in the structural makeup of markets hampers efforts to transform the domestic strong-points into European strong-points.

This means that the Italian automobile industry enjoys a sufficiently broad market for compact and medium-compact cars, which, however, find only relatively small market outlets in the Northern European markets, whereas it suffers from a narrower domestic market for its higher-priced cars, the area where FIAT and Ar, albeit with differing missions and corporate reach, are represented simultaneously with production volumes that can barely provide the underpinning for valid international competition at acceptable profit levels.

The weakening of the Italian auto industry can be measured against an index of scale based on relative production volume, which is closely related to profit indices and hence to the rates of growth that can be sustained on a self-financing basis.

As evidence of the effects stemming from the market structure differential, FIAT's index of scale (0.52) is found by averaging an index of scale equal to about 1 in the compact segment ("127"), equal to 0.5

in the mid-size segment (Ritmo "131"), and scarcely 0.3 for the big cars ("132 Beta). Alfa Romeo does not top a scale index of 0.2 in any market sector, accepting on the one hand the difficulty of challenging the mass producers in the intermediate segments and, on the other, the softness of the domestic market for the high end of the line. Overall, the "Italian system" shows a scale index of 0.4 as compared with 0.7 for Germany and 0.55 for France (the French average is affected by Peugeot's low index, influenced by a product range that has yet to be combed out since the Peugeot-Citroen-Chrysler merger).

As a consequence, the "Italian system" can draw upon its own financial resources, and hence can count upon a growth capacity of its own, of a scant \$1 million, as against an overall in-house financing capacity of the German and French houses of better than \$2 billion and \$1 billion, respectively. Furthermore, the German and French companies enjoy a far higher potential of untapped credit since the ratio of individual indebtedness to capital is actually negative for the German firms, and only 0.6 for the French, while for the Italian makers it is well over 1.2.

The Italian industry's sorry competitive stance finds expression in the greater vulnerability of our domestic market to foreign penetration, and to the precarious position of our presence on the other European markets. Actually, in view of the fact that for a mass producer a 4-percent share of the market is the critical threshold for maintaining his distribution structure, we see here in Italy two French makers and two German makers riding comfortably above these levels: (Peugeot and Renault with 10 percent each, and Volkswagen and Ford at around 5 percent). FIAT's share is just barely above the critical threshold on the principal European markets.

For specialized producers the critical threshold is certainly lower but, even in these cases, we can see, by comparison with BMW's share of 2 percent of the Italian market and DB's share of 1 percent, a market share for Alfa Romeo on the major European markets running at less than 1 percent overall.

The steady decline in competitive standing, which has found no response in the exchange rate, has made for easier access by foreign producers to the Italian market, to the point of putting the automobile industry's balance of payments into the red.

Contemplating this critical picture, FIAT's strategy is designed to produce economies of scale within the span of a few years, and hence to boost its own competitive position to the levels of Renault and Volkswagen. Building the entire product range of FIATs on four unitized chassis and moving toward further component standardization will enable us to consolidate our leadership in the sub-compact and compact field, to approach the production levels of the European leaders in the mid-size range, and to improve our present position at the top of the line.

There are still some critical areas in these latter two sectors, however, stemming from the predicted intensification of the European pre-

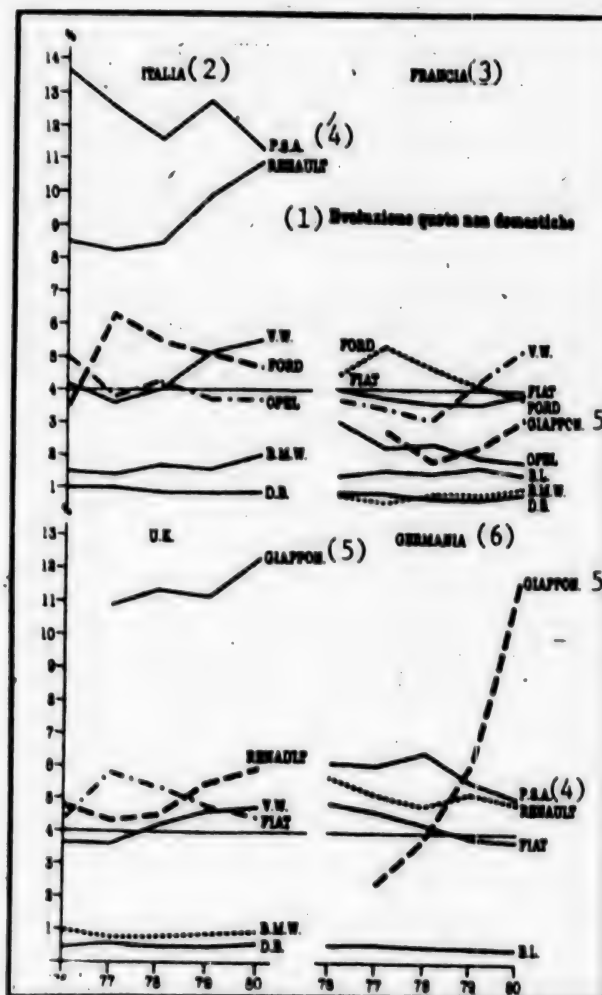
sence of American and Japanese manufacturers, not to mention the the startling disadvantage at which the large-size cars are placed as a result of the structural makeup of the Italian market.

Some reordering of the presence of FIAT and Alfa Romeo in these market segments would make possible further improvements in the overall index of scale of the "Italian system".

Meanwhile, FIAT and Finmeccanica have started a joint study conducted by joint FIAT and Alfa Romeo groups and designed to study routes to an integrated strategy which, while preserving the individuality and autonomy of both companies, would make it possible to maximize the competitive position of the "Italian system." The objective both teams have in view is to achieve maximum economies of scale through combining and standardizing production of certain vehicle parts, and consequent production specialization, in those segments of medium-sized cars (where Italy can attain production levels in line with the highest in Europe) and in large-size luxury vehicles (where we could at the very least cushion the adverse impact of our structural handicap).

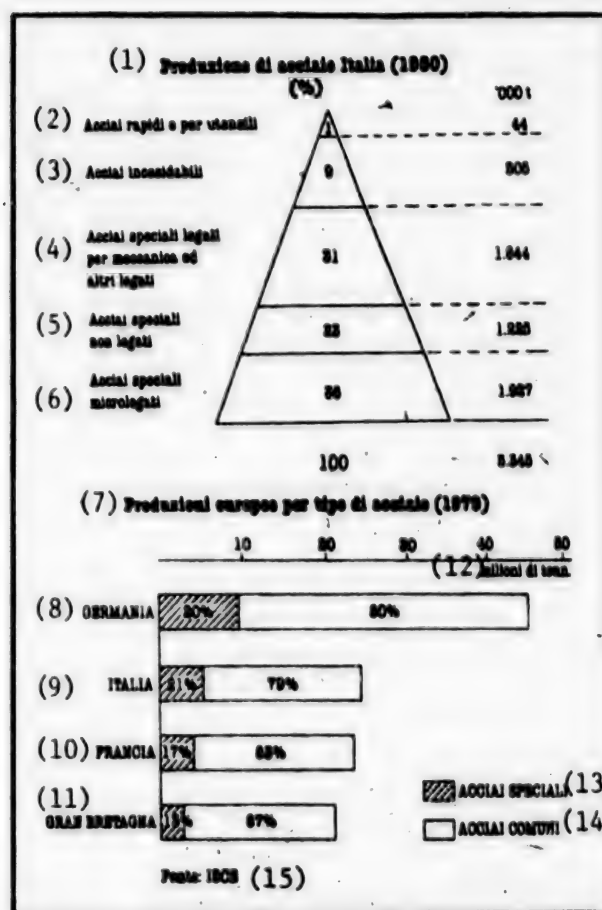
Any such joint efforts must be such as to conserve the features which differentiate the makes, so as to guarantee the broadest possible market opening through clear differentiation of models combined with ready identification of the maker's image and meeting the demands of every buyer profile.

The notion of cooperation between FIAT Auto and Alfa Romeo, while it does offer an overall solution to the problem of upgrading the competitive stance of the Italian automobile industry, renders still more necessary and still more urgent the adoption of industrial policy measures comparable to those long since taken in the other [Community] countries. It also ensures the effectiveness of government support to lasting insertion of the Italian industry into European and world competition, avoiding duplication of investment and wasteful scattering of resources which would be incompatible with the production levels which could readily be achieved in our country in every area of the market.



Key:

- (1) Trends in Nondomestic Market Shares
- (2) Italy
- (3) France
- (4) Peugeot, Inc.
- (5) Ford-Japan
- (6) Germany



Key:

- (1) Steel Production in Italy (1980)
- (2) High-speed and tool steels
- (3) Stainless steels
- (4) Special alloy steels for machinery, and other alloy steels
- (5) Special nonalloy steels
- (6) Microalloy special steels
- (7) European Steel Production by Steel Type (1979)
- (8) Germany
- (9) Italy
- (10) France
- (11) United Kingdom
- (12) millions of tons
- (13) Special steels
- (14) Common steels
- (15) Source: Institute for Economic Studies (ISCE)

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CSO: 3104/21

TURKISH-WORLD BANK RELATIONS, INVESTMENT EYED

Istanbul DUNYA in Turkish 13 Oct 81 p 8

[Article by Veysi Sevig: "In Our Opinion: The World Bank and Turkey"]

[Text] In the latest report on Turkey prepared by experts employed by the World Bank, a decline in investment spending is foreseen. In this report which also includes certain restrictive proposals on the subject of investments to be realized by the public sector, particular emphasis is given to the view that the public sector should be directed only to certain basic industrial fields and to infra-structural investments, while other investments should be left to the private sector of the economy.

The report also emphasizes re-investigating certain investment projects which were targeted for realization with the aid of foreign financing sources, and it enumerates these projects one by one. In the report there are studies concerned with projects which can be considered to be of the highest degree of importance for our economy, such as the fourth Sivas Iron and Steel Complex, the Central Anatolian Fertilizer Complex, the Gezende, Derbent, and Altinkaya power stations, unit "b" of the Afsin-Elbistan Power Station, and the Ankara-Istanbul double line railroad.

One of the most interesting sections of the report, which was marked confidential, is the one dealing with the energy question. According to the view advanced in the report, the numerical estimates indicating an increase in the demand for energy through the 1980's in Turkey have been incorrectly calculated. The World Bank experts who find it imprudent to allocate the limited available resources to energy investments based on unrealistic estimates of demand increase, propose the use of existing resources to complete certain projects of high priority with construction already well advanced.

In addition, according to their view of the agricultural sector, uneconomical irrigation projects make up the majority of investments. This type of investment is nothing more than a waste of resources.

The World Bank report was formulated at the conclusion of studies carried out on the economics of our country. The World Bank and the International Monetary Fund were founded simultaneously, and the two institutions are termed "twins." The bank's functions are to secure credits which will support public works and development activities in the post-war period, to encourage foreign private capital

investments, to contribute to useful investments for the development of world resources, and to meet the capital exigencies of the less developed countries. Before opening a line of credit the bank makes in-depth investigations of the workings of a project. It is acknowledged that credit is extended to those projects which conform to the principles which the bank has adopted. Moreover, in the granting of credit a separate evaluation is made in terms of the economic policies followed by the member countries of the bank.

At regular intervals reports are prepared on the countries receiving aid from the World Bank, which is the world's largest financial foundation, and from the International Monetary Fund. If items worked up as proposals in the report are adopted by the country concerned, the necessary financing facilities are provided that country.

It is known that one reason industry in our country is working at reduced capacity is energy insufficiency. Perhaps the estimates could be in error concerning the quantities of energy which are perceived as being necessary for this year and the coming years. But the plain reality is that there is a large scale energy insufficiency in our country. It is also known that while agricultural production is being advanced in certain parts of our country, in other areas production remains inadequate due to the fact that adequate irrigation can not be provided. Apart from this, it is also extremely difficult to argue that foreseen industrial investments are not suited to the economic realities of our country.

A look at the budget appropriations reveals that in 1980 25 percent of the total budgetary funds were set aside for investments, while in 1981 it was 20 percent. But in order to speed up investment and the awarding of contracts in the last 3 months of 1981, it was decided to add a 130 billion lira supplement to the budget. It was intended that 22.9 billion lira of this supplementary fund would be assigned to departments appearing on the general and subsidiary budget, 105.2 billion lira to the State Economic Enterprises, and a 1.9 billion lira portion to expropriation services.

Preparation of the 1982 budget is currently underway. It is understood that in the investment program for next year's budget the spending of 1 trillion lira for some 7,000 public projects is planned. The budget contemplates increasing investment spending by 49.9 percent over 1981 and at the same time decreasing the number of projects by 15 percent. From studies jointly carried out by the State Planning Organization and the Finance Ministry indications are that 1982 investment spending will be particularly directed toward the completion of unfinished investments and that from among these, emphasis will be given to investments in the energy and mining sectors. At the same time consideration is being given to the suspension of certain projects in 1982. Activities connected with the fourth Sivas iron and steel complex are among the projects which might be suspended.

Ever since the years when Turkey first entered upon the stage of development it has been seeking a foreign source of financing. A country compelled to overcome hard times that now and again reach significant dimensions is forced to resolve the problems involved in obtaining financing for its economy.

In the case that an adequate source cannot be found, the desired investments are delayed. It is well known, however, that in the meantime large expenditures are directed to certain uneconomical investment projects that yield no return. It appears that realities can be seen more easily when the true state of a country and the difficulties of finding foreign resources are evaluated together.

OZAL EMPHASIZES INFLATION AS PRIMARY PROBLEM

Istanbul DUNYA in Turkish 13 Oct 81 p 1

[Turgut Ozal: "We Shall Continue to View Inflation as the Number One Problem"]

[Text] Antalya (HHA)--Minister of State Deputy Premier Turgut Ozal has stated that, "In the past 20 months Turkey has reached a period which is rather relaxed in comparison with the difficult circumstances in which it had found itself. This year in exports we shall break through the 4 billion dollar sound barrier." In indicating that 78.4 percent of the exports of the first 8 months in 1981 had been routed to Middle Eastern countries, Ozal spoke of how "the main target of our exports is henceforth the Middle East, instead of the West."

Participating in a seminar on "the possibilities of increasing exports of fresh fruits and vegetables," which was organized by the Antalya Chamber of Trade and Industry with the coordination of the Union of Turkish Chambers, Turgut Ozal spoke for almost 1 hour in comparing the situations in Turkey before and after 24 January [1980]. Noting that 20 months have passed since "the measures of 24 January" and that "the operation of 12 September [1980]" is in its 13th month, Ozal spoke as follows:

"In a short span of time Turkey has reached a period which is rather relaxed in comparison with the difficult circumstances in which it had found itself. The leading problems were scarcities, shortages, and stock-outs. Today in Turkey no good whatsoever is lacking. If inflation had continued at 1979's speed, it would have reached 150 percent in 1980. But today the speed of inflation has been slowed to under 40 percent. We saw inflation as our number one problem, and we continue to see it that way. Inflation is the main enemy of those with limited incomes and wages, of the craftsman, industrialist, agriculturist, and honest merchant. Inflation's friends are the black marketeers and all those pursuing dishonest gains. We shall never again return to those days."

A 78.4 Percent Increase in Eight Months' Exports

Minister of State Deputy Premier Turgut Ozal, in indicating that a perceptible increase in foreign exchange income had been achieved with Turkey's exports, said, "According to the figures for the first 8 months of 1981, exports have increased by 78.4 percent. The increase is continuing. We are trying to reach a value of 4.2 to 4.5 billion dollars with our exports by the end of the year. In 1964 the premier of that time Ismet Inonu, upon exports exceeding 400 million

dollars, declared, 'We have broken through the sound barrier.' And I say we shall break the 4 billion dollar sound barrier."

Exports Routed to the Middle East

On the subject of exports Ozal spoke of how Turkey has been linked for many years with the Common Market countries, and then related how "while the Common Market countries' share of our exports was 53 percent in 1978, this fell to 44 percent in 1980, and to 34 percent in the first 7 months of 1981. On the other hand, our exports to Middle Eastern countries are increasing. While the Middle Eastern countries' share of our exports was 17-18 percent in 1979, this jumped to 22 percent in 1980 and 38 percent in the first 7 months of 1981. These figures show that the main target of our exports is the Middle East."

A Balanced Budget

In touching on how one of the major causes of inflation before the 24 January resolutions was the budget deficits, Turgut Ozal continued his speech as follows:

"Another one of the important results of the decisions made on 24 January is that the 1981 budget will be balanced or will be closed nearly balanced with a very small deficit. The budget deficit which stoked inflation in past years will not be an issue this year."

Noting that in 1979 and 1980 the increases in Turkey's national product had been zero and even one below zero, Turgut Ozal told how "the increase in the national product reached 4.4 percent in real terms in 1981. This figure is being pointed out as a great success for Turkey."

Turgut Ozal talked of how Turkey could be saved by achieving a foreign exchange balance and further slowing the speed of inflation which has already fallen to below 40 percent, and he went on as follows:

"In 1982 we are compelled to draw down the rate of inflation even lower--although just how much I have not calculated. Without reducing inflation you will not be able to set the Turkish economy back on track as we want. We must use a full dose of medicine to make the patient well again. We must raise the increase in the national product to 5 percent in the next year. We shall continue to redress the position of those with limited incomes and wages. We shall ameliorate their financial distress. For this reason we are obliged to be deliberate in our actions. If our foreign currency income continues to increase to the end of this year, in 1983 and thereafter we shall have no need for the aid of the other states of the world. Let us work to achieve this in 1982. And if we achieve an increase in our farm products, we can bring Turkey in 1982 to a new high."

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CSO: 4654/31

HOUSING SHORTAGE CONTINUES AT CRITICAL LEVEL

Istanbul DUNYA in Turkish 13 Oct 81 p 7

[Hasan Sert, Branch Secretary of the Istanbul Chamber of Construction Engineers, answers DUNYA's questions: "By 1983 the Housing Shortage Will Reach 1.5 Million Units"]

[Text] The questions: 1. Can you determine the dimensions to which the housing problem has grown?

2. Why have the policies established up to now aimed at righting the housing problem been unsuccessful?

3. Will the Public Housing Law be able to resolve the considerable shortage of housing?

4. With the Public Housing Law will the stagnation apparent in the construction industry be ended?

5. What are your proposals aimed at solving the housing problem?

1. Beginning in the 1950's in Turkey a steady stream of migrants has moved toward the big cities both as a result of underemployment's reaching significant proportions in rural activities and as a result of the industrial sector's beginning to fix on an economical structure. These migrations brought about the rapid development around our cities of primitive living areas which we call "houses built in the night." Paralleling this development, housing requirements have grown increasingly important up to our day.

Today the yearly requirement for housing works out to 300,000 units, and when the shortages accumulating from past years are added in, the total need for housing will reach an astronomical figure in the neighborhood of 1.5 million units by 1983.

Even if we suppose that all conditions are positive for now, the production of housing will not be able to exceed 200,000 units a year. So indications are that by 1983 the shortage will be between 700,000 and 1 million units at best.

2. The Fourth Five-Year Development Plan is currently in force in our country. This is to say that development plans have been going on for roughly 20 years, and

with every development plan the state has not been able to accomplish much of anything beyond repeating the same tired statements about how it would meet the housing requirements of the masses, or beyond increasing the credits given to certain organizations. These numbers and the difficult situation which housing production has entered upon today are clearly apparent. The main reason for this state of affairs is the state's failure to adopt a realistic approach to the housing requirements of the people, for schools, hospitals, and other similar social needs. When the Fourth Five-Year Development Plan first went into effect, the private sector's share of housing production was 94 percent, while the state's share in production was to remain at 6 percent. This percentage alone serves to highlight the state's policy on this subject. Side by side with this approach of the public sector to the housing problem, other factors contributing to the failure of any attempt to solve the housing problem were the linking of housing with other consumption goods, the treatment of the matter not as a "service" but as a "product" of the construction industry, and the supremacy in the housing field of the notion that, in accordance with the economic laws of the marketplace, "production will keep pace with demand."

3. Before answering this question, I would like to clarify the concept of "public housing."

By the concept of "public housing"--which has been debated for years in our country, winning widespread attention in public opinion, sometimes with the accent on "communal housing" and sometimes with the accent on "socialized housing," and which today is the point of departure for the new law--one understands "durable and low-priced housing planned in the context of its environment, produced in quantity by inexpensive techniques, and appropriately suited to what people need."

By means of the Public Housing Law which went into effect with its acceptance on 7 August 1981, a significant initiative has been undertaken for ending the housing shortage (which in our country has reached the proportions I indicated above) and for solving the housing needs of our low income citizens.

We can welcome as positive initiatives such articles of the law as the following:

--the inclusion within the scope of the law of at least 200 housing units in places certified by the public works plan and of at least 700 in newly opened settlement areas

--the requirement that those who will be entitled to housing not be owners of any dwelling in settlement areas outside rural areas

--the expropriation of land declared to be a public housing settlement area at a price based on its value as declared in the owner's last tax statement

--the continuing involvement of the Ministry of Redevelopment and Housing for the duration of the construction, and the Ministry's awarding of construction to contractors through a bidding system

--the involvement of certain existing public organizations as producers

--the creation of long-term, low interest credit opportunities

--the law's reserving to the Ministry of Redevelopment and Housing of authority over the evaluation, selection, and organization of the technology which will be introduced to Turkey and used in the production of housing.

Yet it is evident that the law's positive measures will not suffice to close the housing gap. Even if we suppose that current costs will not change significantly, the completion of approximately 600,000 housing units by 1983 when the Fourth Five-Year Plan ends will run to a total cost of something like 576 billion lira.

This is to say that before all else we must have a solution to the financing issue as a foundation for resolving the housing shortage. On the other hand, closing the housing gap is impossible with an arrangement oriented only toward acquiring property outright. No matter how reasonable the cost of housing credit is made, the number of people who can become owners through benefit of credit are still a very small proportion of those who need housing. The reason for this is that an overwhelming majority of those in need of housing are people of fixed, low incomes, and they cannot pay the installments of credit principal and the added interest with which they are burdened. In this situation the state must undertake the production of rental accommodation along with the production of housing which is for outright sale, and it must do this right away. If the Public Housing Law is applied in a manner to solve these kinds of problems, important progress will have been made in closing the housing gap.

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VOGEL'S NEW POLICY SEEN ALIENATING HIM FROM SPD RIGHT

Hamburg DER SPIEGEL in German 19 Oct 81 pp 35-36, 39

[Article: "In Lone Insularity"]

[Text] As far as a lot of comrades are concerned, the Berlin leader of the opposition, Hans-Jochen Vogel has made it more difficult for himself to reach the position of chancellor. They think he cavorts too much with Greens and Reds.

While late in September Hans-Jochen Vogel took part in laying the foundation stone for an international youth meeting place at Auschwitz, dark clouds were gathering against him at the SPD Presidium.

Some of the presidium members were at a loss over the politics being pursued by the Social Democratic leader of the opposition in Berlin. They could not see why Vogel had wanted to ask for a vote-of-no-confidence against CDU Senator of the Interior Heinrich Lummer just because he had ordered large numbers of police to clear eight buildings of squatters.

After all, also in the opinion of many Berlin comrades, Lummer had only put an end to the machinations of persons bent on chaos.

The fact that the otherwise so prudent Vogel of his own volition then retracted his request in turn caused confusion among his friends, who considered that step an incomprehensible and avoidable defeat.

Chairman Willy Brandt sought to appease them, saying that he for one did not want to say anything on the subject before having heard what the person concerned had to say about it. But another member of the presidium would not be swayed from his readymade judgment. "There you can see that he was not getting anywhere," said Helmut Schmidt.

As far as the chancellor was concerned, the abortive vote-of-no-confidence was only the latest proof that the man whom he had dispatched to Berlin as a savior with a lot of advance praise had gone astray. And like Schmidt, a great many friends of the deliberate climber are irritated and disappointed.

What is the matter with Hans-Jochen Vogel? they ask. Has he gone off to the party's leftwing for good? Suddenly he shows understanding for people with whom

they never would have dealt. Wondering about the peculiar change that has come over him, they carefully dissociate themselves from him.

When the former federal minister of justice moved to Berlin last January to take over the corrupt SPD-FDP administration from Dietrich Stobbe, he was at the zenith of his prestige. While having developed from the boogeyman of the Juso's [Young Socialists] into a highly respected interlocutor of the left, he had retained the confidence of the right.

He had somehow managed to establish himself as a mediator between the two opposing wings of the SPD. He was the only top Social Democrat who could mediate between the leaders in dispute with each other, because he was maintaining excellent contact with all three--Schmidt, Brandt and Herbert Wehner.

While in the cabinet his professorial and sometimes also know-it-all contributions had irritated quite a few people, no one questioned his authority or substantive knowledge. As a result, there was hardly a single top position for which he was not considered a candidate--whether to succeed Willy Brandt, Herbert Wehner, Helmut Schmidt or Defense Minister Hans Apel.

Even FDP chief Hans-Dietrich Genscher, who somehow had never managed to make friends with Vogel, gradually got used to the idea that he might one day have to serve under his strict supervision.

With Vogel's sacrificial journey to Berlin, however--in the opinion of quite a number of comrades--began his decline. At first one could still hear people complain frequently that Vogel was being missed everywhere, particularly as a mediator between the three leading comrades in Bonn. By now, however, malicious things are being said about him by a lot of people, and a little enmity is noticeable as well, especially in the chancellor's camp.

In the view of his critics, this strange bird [Vogel means bird in German] has been too dogged in assuming the wrong kind of roles. While having been concerned with grand policy in Bonn, he is now burying himself in details as leader of the opposition in Berlin.

There are no longer the effective public appearances but a bad press instead: FRANKFURTER ALLGEMEINE makes fun of his "morose face," and Springer's WELT sees him on the "road of misfortune," apparently having strayed "among the imprudent."

If he goes on like this, former friends of his are predicting, people will soon think only of his brother Bernhard, the minister-president of Rhineland-Palatinate, when the name Vogel is mentioned. "He has become insular," says a member of the cabinet, adding even more explicitly: "He is going to seed in Berlin."

Whereas previously everyone was full of praise for his also tending to the left in the party, some now seem to be tired of it, making fun of his inclination to approach a matter, if at all, with all-out commitment.

The overly intent traffic with the checkered, Greens and Reds apparently has rubbed off on him, people in the SPD say sarcastically. The thanks for it, they say with schadenfreude, can be found in an "obituary" by the Berlin TAGESZEITUNG

("TAZ"), which dismissed him as a "prattler" who "exploited" the death of demonstrator Klaus-Juergen Rattav "for the reconciliation palaver." The conclusion: "We are disgusted."

To his supporters of yesteryear the lean Vogel with his much too wide shirt collars, who in endless talks is striving to win over for his party all kinds of alternative groups, does not look like the promising politician he appeared to be at one time. "A statesman does not change things like that," a man close to the chancellor remarked.

Only when it comes to the background of the counterarming debate does this anger become fully comprehensible. The opponents and advocates of the NATO two-track decision are gathering their cohorts for the SPD party congress in Munich, where the intraparty decisive battle about security policy is to be fought in April. As the chancellor and his deputy Genscher see it, the Berlin leader of the opposition has gradually switched to the opponents' camp.

Minister of the Interior Gerhart Baum, who says that "after initial difficulties" he has maintained "very good contacts" with his former cabinet colleague, uses a reference to the fashionable to describe what many Liberals think of Vogel: "It is being presumed in FDP circles that, like Eppler, he will soon be growing a beard."

The chancellor himself was definitely irritated by Vogel for the first time when the latter delivered a speech at the South Hesse SPD district party congress at Hofheim in June. It contained passages which in fact showed a remarkably close resemblance with the thinking of Erhard Eppler, Schmidt's worst enemy in the SPD.

Extremely upset, the chancellor, who dismisses anxiety as weakness, read that Vogel was taking such emotions seriously. According to Vogel, there are "developments in the world" and even "in this country" which "favor anxiety," including the "destructive power of nuclear weapons." Without embarrassment he recommends that one really should make "quite a few of Eppler's ideas" one's own. And borrowing from the title of Eppler's book "Ende oder Wende" [End or Change], he claims that we will not be able to make do with the past answers much longer.

A few weeks ago, at a meeting of the SPD right organized by Darmstadt Chief Mayor Guenther Metzger in Seeheim, Vogel caused another sensation by openly criticizing the SPD top men. The party, Vogel lectured, must not lose its identity as a result of the politics being pursued by its representatives in Bonn.

At one of the latest sessions of the party executive, there were again some astonished faces. When Hans-Juergen Wischnewski complained about the public stand of the Juso's, Vogel, in his customarily friendly but strict way, asked: "Do you remember saying to me when I was chief mayor of Munich: Can you not be little more liberal?"

To persons close to him, Wischnewski remarked afterward: "I think his dealings with young people and Greens have changed him--and I don't think it is opportunism."

Vogel himself admits to having learned new things in Berlin--particularly the fact (not yet noticed at all by quite a number of people in faraway Bonn) that the situation is "typical."

His credo: The SPD must not simply dissociate itself from fringe groups, whose answers he says "do not all convince him but whose questions are justified." The way Vogel sees it, one can notice in Berlin "the split dividing all of our society, and of course also our party."

The former chief mayor of Munich, who during the first youth unrest in the early sixties still relied on the effect of police truncheons, now would like to keep the party open for the protest generation, just as Willy Brandt has done since that time.

To retreat, he thinks, "would be too simple a solution." That way, he believes, "we would be abandoning the party tradition." He sees that tradition this way: The SPD must constantly try "to absorb the forces urging a change."

In opposition to a climate prevailing among the population but also among comrades, the leader of the opposition in Berlin is trying with great persistence to put these good intentions into practice.

The proposal for a vote-of-no-confidence against Lummer, Vogel thought, was appropriate because the "frontline city Buonaparte" (as "TAZ" has called the senator for the interior) had moved into action with his police even before the talks with the squatters had been completed. And, unlike those in charge in Bonn, Vogel did not elevate the demonstration against the visit by U.S. Secretary of State Alexander Haig as an attack against the most sacred Western values. Vogel called it "madness" to waste 500 billion dollars a year on the "armament race" while "500 million people on earth are going hungry."

Whereas Vogel with such views incurs the displeasure of the chancellor and the party's rightwing, his "echo in the party as a whole is enormous," according to SPD Federal Executive Manager Peter Glotz; "so some people may be cutting off their noses to spite their faces."

And some people even think that it is no longer all that important just whom Schmidt is pleased with, because it is someone quite different--the party--that decides about reputations and also about careers.

So it happened that in early October Brandt ostentatiously stood up for his friend at a conference of SPD officials in Bonn, saying that it would one day "turn out that his basic idea is right--namely, if at all possible, not to allow protests and the potential of violence to coalesce."

In the dispute surrounding Vogel, a basic conflict in the SPD, which has not yet been resolved, has become apparent: Schmidt and his "people favoring clean relations"--the regular party workers--have lost patience with the leftists on the party's fringe. Their worry is that all too great patience, such as is practiced by Brandt, is alienating more and more members and voters of the center. Vying for squatters and opponents of NATO, they think, merely frightens off traditional SPD supporters--the workers. Integration has already become a curse word among the regular party workers.

Vogel's analysis is different. He thinks that while at one time, in the seventies, the theory that the SPD was facing losses only in the center was correct, the danger of inroads on the left fringe has become far greater in the meantime.

In Vogel's view, the party has not done enough to get across to the old Social Democrats the ideas of the new left--for example, also about the limits of growth. If the Social Democrats want to make up for what they have omitted to do, both--the veteran supporters and the protesters--could get together, and could do so also in the SPD.

If this priority objective is not recognized soon, he fears, the worst may soon happen in Berlin, because in that case the conflict would escalate, a rightwing civil guard would avenge the rioters' acts of violence with violence of their own and exacerbate the climate further.

And if the number of unemployed among young aliens continues to climb, he foresees an explosive situation such as occurred in England, where confrontations between colored, juveniles and the police led to a civil war kind of unrest last summer.

Such somber auguries [Vogel-Schau in German: divining the future from the flight of birds] may "seem outlandish" to "conventional politicians," Glotz admits, but Vogel considers it proper to take action immediately to prevent such a development in the first place. His ambitions in that direction are unfaltering.

As is his wont, he is pursuing these ambitions steadfastly in Bonn as well. But he has nothing but contempt for the subject of his chances of becoming chancellor or obtaining other high offices. "The terms in which careers and jobs are discussed in Bonn" have "all along been somewhat alien" to him, he says.

And he adds sarcastically: "Unless the party gains in perspectives, personnel needs will be limited anyway."

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CDU/CSU YOUTH ORGANIZATION TAKES INDEPENDENT STAND

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 22 Oct 81 p 12

[Article by Stefan Dietrich: "A Historical 'Germany Day'?--The Young Union's 'New Independence'"]

[Text] A few minutes after he had adjourned the Young Union's Germany Day at the Cologne Congress Center East, the past and present Federal Chairman of the CDU/CSU Youth Organization, Wissmann, faced the press and announced with satisfaction that he was supported by a large majority in stating that from now on "certain critical statements within the CDU must no longer be dismissed as being personal trial balloons." After leading the Young Union for 8 years and having been a Bundestag member for 5 years, Wissmann really should have known better. He had barely finished his speech when all hell started breaking about his head. CSU chairman Strauss was heard from: "Mr Wissmann and others should be aware that their frantic efforts to make themselves heard, to make headlines at the expense of their party chairman and other Union politicians is considered by many to be nothing less than parasitic publicity grabbing." Strauss advised the CDU chairman to have a confrontation with Wissmann in the party's executive committee. Kohl did just that last Tuesday, immediately after his return from Washington in front of the assembled CDU fraction in Bonn. Deputy fraction chairmen Zimmermann and Dregger participated in the sharp reprimand given to Wissmann. Zimmermann referred to an incomprehensible opening up of "minor wars, which were of no concern to the Union," and Dregger reproached Wissmann for having produced the impression that there exists basic disagreement in Union policies.

What had happened? At the beginning of Germany Day, which this year took place appropriately under the motto "We Want Peace," Wissmann had made an issue of his party chairman's statement that he had experienced the existence of a "popular front" during the peace rally in Bonn's Hofgarten. Without referring to Kohl by name, Wissmann stated that the "popular front" remark was unacceptable. He was not the only one. During the following debate the absent CDU chairman's remark was quoted so many times that his ears must have been ringing. The mildest reproach of all was that he had used the popular front concept in an unhistorical sense. It was said that the CDU was fading away; that it was gambling away its credibility as a party which is seeking to establish a "dialogue with the young people." Much was heard that Saturday afternoon, one week after the Bonn demonstration, about the "arrogance" of politicians and functionaries whose overriding priority was to be in power; also, that they had nothing but pat answers to questions concerning morality and ethics and that they, in addition, showed contempt for the legitimate worries and concerns of the younger generation.

One of the most frequently used words was "differentiate." Minister president Stoltenberg too made use of it when he, after several attacks which he felt included him, entered the debate as a guest speaker. Certainly, he said, one must differentiate between honest pacifists, neutralists and Moscow-oriented communists. But the CDU could not collaborate with groups which would make concessions even prior to the disarmament negotiations with the East, which was the common denominator of the demonstrators represented in Bonn. But the Young Union had no intention of collaborating with the signers of the "Krefeld Appeal" either; only of holding discussions. That was why for the peace roundtable discussion, the spokesman for "Project Reconciliation," Zumach, had been seated next to Baden-Wuerttemberg's minister president Spaeth, one of the prime movers of the Bonn demonstration. This was a hint to the mother party of how, in the opinion of the Young Union, the dialogue with the young people should also be conducted at Hamburg's CDU party conference in November.

Some of the prematurely graying youth functionaries may have had the feeling during that part of the proceedings that they were in the wrong place. But the large majority of the 310 delegates regarded it as confirmation of the fact that intra-party discussions could now be conducted in a more free and uninhibited manner. Several speeches by representatives of Land organizations expressed satisfaction over the fact that the debate was not colored by election campaign tactics nor blunted by forced adherence to party discipline.

There was talk of a "historic Germany Day," of a "new independence." It should be added here that this would be an independence reminiscent of the days of the past; of those idyllic days prior to that strenuous election of Kohl as candidate for FRG chancellor; prior to Kreuth; prior to the election of FRG chancellor candidate Strauss and renewed election campaigns.

The Young Union's Federal chairman swears that since 1976 it has always "done its duty," has largely avoided public criticism of the CDU and, despite a prior dissenting vote, had loyally supported Strauss during the 1980 election campaign. Not until now has the Young Union made use of the general relaxation to once again come forward with its own position.

Last summer the Young Union registered reservations against proposed Union legislation on restrictions of the right to demonstrate. The ban on wearing masks and use of heavy weapons by the police would not serve to remove the causes for youth riots. As to the peace discussion, Wissmann again warned against "driving young people into a political counter culture" and to turn a deaf ear to "questions of conscience" in which people are much more interested today than in detailed counting of weapons. The Young Union also has a position with regard to development aid policy which is not shared by all members of the Union. It demands that development aid be considered a moral obligation, to continue pursuing the 0.7 percent goal, and not to deny support to Third World liberation movements which fight dictatorships with peaceful means. All of the foregoing is to serve a program which would seek to provide a new foundation for a free democracy based on Christian ethics and which should also provide a means for emotional identification of the individual.

The thunderclaps from the top party leadership have for the moment put a damper on the Young Union's mood of uprising. It must be small consolation for Wissmann that

he served as a scapegoat for party colleagues Geissler, Biedenkopf and Spaeth, whose names were not cited. But it remains questionable whether the youth organization will continue to let itself be kept in line and to be trotted out in support of the CDU chairman. Especially after this Germany proposal the Young Union--which previously was considered to be "too tame, too loyal, too career minded," in the derisive words of one of the delegates in Cologne--has found a way to greater self confidence. It appears determined, in its capacity as "the largest political youth organization in Germany" (261,000 members), to become a greater factor in intra-party discussions once again. In Cologne, Wissmann asked that greater support be given to those who in the future would represent the decisions and critical statements of the Young Union in the party and in the fraction. With their applause, the assembled delegates promised to do just that.

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PEACE MOVEMENT SAID TO LACK CLEAR POLITICAL CONCEPTS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 13 Oct 81 p 12

[Georg Paul Hefty analyzes the make-up of the members of the "peace movement" and, noting a distinct generation gap separating the main elements, wonders whether the recent Bonn demonstration was a beginning or a high point of the movement.]

[Text] Was the demonstration in Bonn a peak in the "peace movement" or only a preliminary high point which will be followed by others? The spokeswoman for the interdenominational peace council of the Netherlands called for further escalation of the demonstration, still more people in still more places. In Madrid, Paris, Brussels, Amsterdam, and Copenhagen similar demonstrations are expected to take place in the next six weeks. Only someone who is active as a professional "peace worker" can afford the time but evidently there are many who can.

The interdenominational peace council is as a result becoming more and more clearly visible as the focus and instigator of the West European movement. Laughing at themselves the leaders note that people are talking about "Hollanditis" as a sickness whereas it is an infectious healthiness at work. The conflict between the feelings of the affected people and the impression of many observers is reminiscent of the drug scene. And in fact, numbers of participants were reached in Bonn over the weekend which could deceive the leaders of the movement and even the politicians. The truth is, as usual, more refined.

In a representative democracy, mass demonstrations have a subordinate role. Decisions are made in parliament and by the government. This has been understood by those elements of the movement who "put pressure on the government" or who make demands of the government in the more restrained form of calls for demonstrations. The composition of the Bundestag, Bundesrat and Federal Government is determined in elections.

The dependence of individual politicians on the voters is, to be sure, exceeded by their dependence on delegates to the party congress. A crowd of 250,000 people in the Federal Republic is a small quantity in comparison to the total electorate and will not be decisive in the elections as long as there is a rough consensus among the Bundestag parties and their factions on the principles-of-security policy. The roundabout way of exercising influence outside the party system is only partially successful because large elements in the "peace movement" don't want to have anything to do with the parties and because the remainder constitute only splinter groups among the Greens, the SPD, the FDP, the DKP and certainly also among the CDU and CSU. Whatever value accrues as a result of such demonstrations depends therefore not on the participants but on the politicians.

The coordinated and disciplined conduct of the demonstrators showed among other things a downright professional organization. The leaders could not, however, compose the declarations of the "peace movement" on the basis of principles and a program. The call--signed after all by more than a thousand groups--conveys a minimum consensus, nothing more. It is broad enough to demand a renunciation of the introduction of new intermediate range rockets, of the neutron bomb and the double NATO resolution as well as a nuclear-free Europe and disarmament negotiations (outside the NATO concept). There is no consensus as to what should be done with the nuclear weapons already stationed in the Federal Republic, whether the Bundeswehr should be more strongly armed in a conventional sense to compensate for the nuclear weapons to be withdrawn, or whether a German army is necessary at all and to what extent Germany should disarm if the demanded advance concession by the West remains without a friendly response from the East. "The peace movement" thus makes it difficult for the politicians to comply.

The "peace movement" has a generation gap. Pastor Albertz had difficulty explaining this at a closing stock-taking. He could think of nothing else to say but that the grandfathers had always understood the grandchildren and that the fathers had been taken in by the industrial society. But this gap can also be explained otherwise.

The aspirations of the youth are still largely unburdened by experience. Students and young workers are molded by their way of life--indeed how could it be otherwise? Many older people in the "peace movement" impart strategic insights and political knowledge to them. But if the list of speakers at the Bonn demonstration is of high representative value for the whole movement, which cannot be doubted, a division into three parts is discernible: the moral authorities are for the most part beyond an active age from which a return to a responsible role might be likely; in the middle generation only Eppler and the Lutheran Pastor Deile of the "Action Atonement Symbol/Peace Services" remain. The movement should be leaning on both of these parts politically, morally and organizationally. Politicians with their own clout such as from the ranks of those who greeted the demonstrators, are not available, at least not yet.

It is thus understandable that Eppler rejects the idea of establishing a party although it was suggested. The personnel at the top seem to him inadequate. Also, as the chairman of the SPD, he does not want to repeat the mistake of the former CDU deputy Gruhl. He also sees, however, that most of his youthful followers deny themselves to the state. "No state can be built" on refusal to perform military service.

As they did more than a decade ago, the parties must again clarify their stand towards the followers of the "peace movement." The majority of these people from the most varied walks of life and social strata have a tendency toward the extra-parliamentary. If the declarations of the parties on security policy do not change, the followers of the movement will have to decide, in the coming elections, between their aspirations and their everyday pragmatism. Many will, perhaps, stay away from the polls or not even gain access to parliamentary ideas. This would work its way into other areas of social life.

The dimensions of the Bonn demonstration have raised more questions than they have answered. The only thing made manifest was that the "peace movement" does not disturb the inner peace of the Federal Republic and that the political system which is often scorned as being repressive and intolerant, has no desire to destroy the movement.

PCP ARGUES FOR COUNCIL OF REVOLUTION, CONSTITUTION

Lisbon O MILITANTE in Portuguese Oct 81 pp 7-10

[Article: "The Revision of the Constitution and the Defense of the Democratic State"]

[Text] Importance of the Struggle Against the Unconstitutional Revision of the Constitution

The role of the April Constitution in the consolidation and defense of the democratic state is not yet understood by all democrats, including members of our party.

Even among prominent and responsible cadres there are gross attitudes of underestimation which have had subsequent repercussions on the difficulties involved in, and even the inability to inject the struggle against the unconstitutional revision of the Constitution that the "AD" [Democratic Alliance] parties and all the reactionaries want into the other fronts struggling for democracy, against exploitation, and in defense of the revolutionary liberties and transformations conquered after 25 April.

Two opposing and equally dangerous positions have appeared as justification for the insensitivity and underestimation of many militants. At the one extreme are those who, without saying so expressly, think that everything will be resolved in the Assembly of the Republic, and that it will be the relative positions of the number of deputies from the various parties represented therein which will decide. At the other extreme are those who, also without clearly stating it, think that whatever changes and results stem from the revision of the Constitution, we shall be here to continue the struggle against all the maneuvers and blows of the right and, with the workers and democrats, we shall defend April and end up winning.

The result of either of the two tendencies is that it is not necessary to inject into the party's activity and the mass struggles that are under way on various fronts the cause of the more general and political struggle for the constitutional revision and against the unconstitutional and coup-related revision of the Constitution.

This is a serious mistake which must be corrected rapidly.

In its latest meeting, the Central Committee called attention to this essential point when it stated, specifically, that, "the progress of the workers' and popular movement requires" among other measures, "association (explicit or not) of the immediate objectives with the political objectives of the dismissal of the 'AD' government, the defense of the Constitution and the regime, the holding of elections and a democratic alternative."

Now at the present time the defense of the Constitution entails an awareness of the dangers of its unconstitutional revision, the struggle against the "AD" maneuvers and plan for revision and the need to prevent any dangerous concessions involving the FRS [Socialist Republican Front] revision plan from succeeding.

The Political Power and Interdependence of the Organs of Sovereignty

What are the essential issues closely associated with the constitutional revision? The first is that of the organization of political power; the second lies with the inclusion of the Armed Forces in the state apparatus; the third is that of overseeing the constitutionality of the laws; and, finally, the fourth is related to the establishment of rights, liberties and guarantees, and the inviolability of the revolution's conquests.

The organization of political power alone is not essential as a determining factor. Our national experience would suffice to prove that even the fascist state could, hypocritically and without any great risks, write into the Constitution of 1933 rights and liberties, the national and patriotic nature of the Armed Forces, the independence of the courts, etc. This was because the organization of the political power of the Salazar and Caetano regimes guaranteed, at the outset, that the entire state apparatus would depend on the prime minister, even though there was a government, a president of the republic and a National Assembly provided with powers that they could only ostensibly exercise. In fact, all the power was in the hands of one man and a super-police force, PIDE [International and State Defense Police], which acted under the direct orders of the same chief.

The Constitution could guarantee freedom of speech and association which the law would limit insofar as its implementation was concerned, the decree-law would restrict in certain instances, the administrative directive would determine certain exceptions, the court order would pave the way for administrative types of curtailment and, finally, the order from the dictator Salazar, issued directly to PIDE or to the Censorship Office, would reduce the liberties written into the Constitution to naught.

In other words, the organization of the state's political power, so that democracy may be upheld, demands not only the democratic genuineness conferred by popular suffrage on the organs of sovereignty, but also interdependence of the various organs, so that the powers will be counterbalanced and it will be possible for them to be overseen by one another with respect for the fundamental law, that is, with de facto adherence to the Constitution of the Republic.

It is not enough that there be a president of the republic and an Assembly of the Republic elected in free, democratic elections. It is not enough that there be a government that claims to uphold its program and the Constitution. It is essential that there be balance and interdependence among the leading organs of sovereignty, the president of the republic, the Assembly of the Republic and the government, so that power will not be concentrated, either directly or indirectly, in the government which, free from the inspection and control of the other two organs of sovereignty, would end up becoming an autocratic organ, and a manipulator of the Constitution and the law, having command of the Armed Forces and the police, and with sufficient strength to pervert the elections, the news media and democracy, and eventually attempt to destroy the latter.

A Plan for Subversion of the Constitution

In a young, rather unconsolidated democracy such as ours, it is outrightly dangerous to abolish the Council of the Revolution which, with the revolutionary legitimacy of 25 April, has become a powerful counterbalance, both for overseeing the constitutionality of the laws and for more general supervision of respect for the Constitution, specifically in upholding the interdependence of the various organs of sovereignty through the inspection and control that they exercise over one another, in the exercise of their constitutional and legal powers, and also as a guarantee of the non-partisanized, non-governmentalized endeavor of the Armed Forces in the defense of Portuguese democracy and national independence.

Hence, our party considers the proposal to eliminate the Council of the Revolution negatively, and issues a serious warning against the risks that democracy runs if, in the event of its elimination, special precautions were not taken to maintain the balance and interdependence among the organs of sovereignty, the president of the republic, the Assembly of the Republic and the government. It calls attention to the need for preventing the Armed Forces from becoming governmentalized and partisanized, and being put in the service of the antidemocratic and antipatriotic interests of a government and a possible majority which, in this specific instance, are the "AD" government and majority; in other words, the government and the majority resulting from manipulated elections and representing reactionary forces and parties in the service of the recovery of capitalists, large estate holders and imperialists, and avowed enemies of the Portugal of April.

Inasmuch as all the plans for revision of the Constitution, except that of the PCP, call for the abolishment of the Council of the Revolution, it is important to strive so that such an elimination will have minimal consequences for the balance and interdependence of the organs of sovereignty; so that the Armed Forces' endeavor in the defense of Portuguese democracy and national independence will be assured; and so that the equanimity of the system for overseeing the constitutionality of the laws will be guaranteed.

The "AD" plan is not aimed at these goals. First, it introduces complete imbalance among the organs of sovereignty, depriving the president of the republic of his most important constitutional powers; second, it governmentalizes and partisanizes the state, assigning the government excessive powers and freeing it from any actual inspection on the part of the Assembly of the Republic; third, it makes the Armed Forces completely and exclusively dependent on the party majority which holds the government; forth, it does not guarantee any actual overseeing of the constitutionality of the laws and the fulfillment of the Constitution; and, finally, it paves the way for nullifying the significance of the rights, liberties and guarantees written into the Constitution, by means of inconsistent legislation and other administrative methods.

In short, the "AD" plan is an attempted coup d'etat, by means of the complete subversion of the Constitution and the resultant destruction of the democratic liberties and transformations conquered after 25 April.

The Dangers of the FRS Plan

The FRS plan is quite diverse. But, insofar as the organization of political power is concerned, although it calls for some constructive changes in the reinforcement of the veto powers of the president of the republic and in the guarantee of the requirement for a qualified majority in voting on certain important laws (elections, census, politicoadministrative statutes of the autonomous regions, etc.), the plan does not sufficiently uphold the balance and interdependence of the organs of sovereignty; it does not properly guarantee the Armed Forces' involvement in the defense of Portuguese democracy and national sovereignty; and it does not efficiently safeguard the equanimity of overseeing the constitutionality of the laws and adherence to the Constitution on the part of the organs of sovereignty.

In fact, in the FRS plan, the powers of the president of the republic are drastically curtailed, both as to his power to dismiss the government and the powers relating to the appointment of the military commanders and the ranks of the Armed Forces.

The president of the republic may dismiss the government only in exceptional cases of danger (undefined) to democracy and, nevertheless, with the obligation to appoint a new government immediately. The Armed Forces are governmentalized and thereby partisanized, because it would be incumbent on the government to propose the military commanders, leaving the president of the republic the reduced power to name them, without the authority to interfere in the selection. The legislation and regulations for the Armed Forces would also be transferred to the government's authority.

Finally, the composition of the constitutional court would not afford any guarantees of balance and equanimity, but rather would bring up the possibility of its being dominated by the reactionary right, enemy of the Constitution and of 25 April.

These concessions to the right on the part of the FRS plan, although they are far removed from coinciding with the "AD" plan of subversion, constitute an equal number of other dangers because, if they are maintained without major changes, they could objectively serve the purposes of "AD" to liquidate the constitutional democratic regime.

Unity and Struggle for a Constitutional Revision

Therefore, at its last meeting, our party's CC deemed an agreement among democrats regarding the constitutional revision necessary and, in particular, considered it essential for PS [Socialist Party] to reconsider some of its proposals concerning the organization of the political power.

Such a reconsideration will not be possible if the cause of struggle for a constitutional revision of the Constitution and against the unconstitutional revision that "AD" seeks is not converted into a cause for unity of the workers and democrats, constantly present and injected into all the other fronts of struggle in the defense of democracy and of the economic and social transformations conquered by the Portuguese people after 25 April.

The Communists have a decisive role to play in the battle in defense of the Constitution. It is important that this matter be discussed and probed into quickly in all the party organizations, so as to overcome the lack of understanding and inadequacies.

2909

CSO: 3101/9

CC OF PCP ISSUES COMPREHENSIVE CRITIQUE OF AD ADMINISTRATION

Lisbon O MILITANTE in Portuguese Oct 81 pp 25-31

[Article: "Tasks for the Democratic Victory Over the Policy and Subversive Plan of 'AD'"]

[Text] Document approved at the CC [Central Committee] plenary meeting of 26 September 1981:

At its plenary meeting held on 26 September, the Central Committee of the Portuguese Communist Party [PCP] examined the situation stemming from the formation of the new "AD" [Democratic Alliance] government.

The CC considered the essential aspects of the predictable deterioration in the economic and financial situation and in the people's living conditions, the continuation of the offensive against the revolution's conquests and the foreign policy of submission to imperialism.

The CC warned against the use of demagogy by the "AD" government, and established the position to be assumed with regard to it.

The CC also examined the resumption of the "AD's" subversive, coup-related plan to eliminate the democratic regime, attaching particular importance to the imminent danger of the unconstitutional revision of the Constitution, through an "AD" agreement with PS [Socialist Party].

The CC examined the results of the economic, social and political crisis, and the real possibilities of a democratic alternative, and stressed the urgent need to oust the "AD" government and to hold early elections for the Assembly of the Republic, that would make it possible to form a democratic majority which could serve as a basis for a democratic government and guarantee the complete legality of the revision of the Constitution.

The CC approved a proposal calling for a 5-point platform for common action by the democratic forces.

The CC also examined the problems relating to the unity of democrats, types of action, reinforcement of the unified movements and organizations and reinforcement of the party itself, as an essential force for a democratic alternative.

1. The Formation of the New 'AD' Government, a Serious Mistake That Needs to Be Corrected

The deepseated crisis in "AD" and its government, which led to the dismissal of the Balsemao government, and to the formation of the Pinto Balsemao/Freitas do Amaral government, was the result of an even more deepseated crisis of an economic, social and political nature.

The crisis in "AD" and its government was the result of "AD's" inability to solve the national problems, the worsening of the economic and social situation, and "AD's" impotence for fully implementing its plan, because of the strong, massive, continued resistance from the workers and the popular masses.

The "AD" policy had failed. The status of the country had worsened. "AD" itself, as a coalition, had shown a rapid disintegration, in the shameful display of rivalries, mutual insults, ambitions and conflicts. That crisis put on the agenda not only the pressing need, but the real possibility of removing "AD" from the government and rapidly creating conditions for a democratic alternative.

The CC reaffirms the assessment made by the party regarding immediate fundamental causes which, in this crisis, led not to the removal of "AD", as was imperatively necessary and entirely possible, but rather to the formation of a new "AD" government.

The first was the position of Mario Soares and the PS, systematically defending the formation of a new "AD" government, and thus throwing "AD" (as has already been noted) a life preserver at the very time when "AD" was beginning to be shipwrecked.

The second was the fact that the president of the republic and the Council of the Revolution did not correctly evaluate not only the degree of deterioration in "AD" and the disastrous consequences for the country of the continuation of its policy, but also the new and serious dangers to democracy resulting from the formation of a new "AD" government during a period wherein the revision of the Constitution will take place.

The PCP holds the view that the democratic regime lost an extremely favorable opportunity to reaffirm the value of its institutions and dispel the dangers stemming from the fact that political forces which, contrary to the will of the people, want to destroy Portuguese democracy and set up another dictatorship have established a government and have a majority in the Assembly of the Republic.

This is a serious mistake, which can still be corrected but which, in order to be corrected, needs to be understood by all the democratic forces and by the institutions, in all its potential consequences.

2. The New 'AD' Government Will Worsen the Situation More

The new "AD" government, like the previous one, will not only fail to solve, but will worsen all the major national problems, specifically exacerbating the economic disaster and the deterioration in the people's living conditions.

With the policy of restoring monopolistic capital, the country's economic and financial situation will continue to decline. With industrial and agricultural production

stagnating, and the utilized capacity diminished, stocks of products and raw materials will increase, and there will be a drop in exports and backlogs of orders. It is predicted that the deficit in the General State Budget will amount to 180 million contos, the deficit in the trade balance will total over 200 million contos and the deficit in the balance of current transactions will be 100 million contos. The foreign debt will rise still more (it has already reached 600 million contos), and in annual interest on that debt alone (the funds for which were applied chiefly to consumption and not investment), Portugal will have to pay nearly 60 million contos, a parasitical burden on our economy, hampering development. The extremely onerous agreements with the IMF, and the policy of joining EEC, will mortgage independence and economic development.

The continuation of the "AD" policy with its new government will also mean a deterioration in the people's living conditions.

There will be still more of a drop in real wages (which must be reckoned not only on the basis of increased prices, but also considering the social benefits that have been removed). The revision of the CCT [Workers Coordinating Commissions] and the fulfillment of the lists of demands will continue to be impeded. There will be an increase in the number of business firms lagging in the payment of wages. Under the guise of "disciplining" the workers (whom the prime minister insultingly calls "parasites"), the new "AD" government will multiply the repression in business firms in order to impose a harsh intensification of the pace of work. The shutdown of businesses will continue. The layoffs will continue, and unemployment will worsen. The new "labor legislation" that has already been announced will attempt to curtail fundamental rights and liberties, including the right to strike, and will intensify the exploitation of the workers and the power of management. Women and youth will suffer increased discrimination. The retired, pensioners and the disabled will find their resources increasingly reduced.

The unconstitutional offensive against agrarian reform (in the usual patterns and with new processes) and the offensive against nationalizations (the opening up of the banking sector and other basic sectors to private capital, the turnover of business firms to capitalists, the destructive administration by "AD" managers, cuts in credit, etc.) will not only deal further blows to these two great conquests made by the revolution and to the national economy, but will also increase unemployment and intensify the worsening of the workers' living conditions.

Hundreds of millions of contos will be turned over to big capitalists in the form of indemnification and under other guises, while the local governments are robbed of sums to which they are entitled by the Local Finance Law, and it is claimed that there are no funds to solve the fundamental problems of industry, agriculture, transportation, housing, education, health and the people's standard of living.

Small and medium-sized farmers will find their situation worsened still more, with the new government's complete disregard for the problems of agriculture, with disastrous prices that are not compensatory nor guaranteed, with an increase in the prices of the factors of production, with the difficulties in collection, with increased speculation by the big middlemen, with the growing difficulties in obtaining access to credit and with the attack by the rich landlords against tenant farmers and local leaders, to steal the uncultivated land from the people.

Small and medium-sized merchants and manufacturers will find their interests sacrificed to the policy of restoring the monopolies, and will be stifled with the cuts in credit and high interest rates, and with the shrinking of the domestic market owing to the reduction in the masses' purchasing power.

Concurrently with the decline in the economic situation, there has also been a decline in the cultural status of the Portuguese people. There is increased class selectivity in access to education, a breakdown in the educational system, and an attack against democratic participation. The popular cultural organizations are being blocked; there is still an inability to protect the nation's cultural assets and to use them in the interests of the population; and there is an increase in disinformation, partisanism and cultural deterioration in the great mass media.

Intellectuals and technical cadres will find their living and working conditions worsened and their creativity discouraged; and there will be restrictions placed on their opportunities for giving their work social and national repercussions, with an attempt to reconvert them into executive agents in the service of big capital and imperialism.

The policy of restoring monopolistic capitalism and the deterioration in the economic and financial situation, and in the people's living conditions, are proceeding concurrently with the heightening of a foreign policy of subservience to imperialism, in both the economic realm and the diplomatic, political and military realm, increasing the country's economic and political dependence, augmenting the responsibilities assumed with NATO, giving in to the adventurist demands of the Reagan government, and creating serious risks for the security of the Portuguese people.

3. Current Tactics of the Coup Plan

Upon the formation of the new "AD" government and Freitas do Amara's entry as defense minister, "AD" is resuming, in a new situation and with new patterns, its subversive, coup-related plan which was resoundingly defeated in the presidential elections of 7 December.

"AD" is pursuing its goal of an assault on, and complete seizure of power, and the elimination of the democratic regime.

In order to attain that goal, it will continue to use the unconstitutional and illegal processes that it has used thus far in the regular activity of the government and of its majority in the Assembly of the Republic. In all sectors of national life, it will continue to adopt measures and make decisions, and have laws and decrees approved, which are manifestly unconstitutional. It will continue its attempt to reduce democratic life in the country by all means, including the limitation of the rights of the opposition parties in the Assembly of the Republic. It will continue the endeavor for systematic destruction of agrarian reform, of the nationalizations and of the workers' rights (an integral part of the democratic regime). It will continue to limit rights and liberties, and to use repressive measures. It will continue to monopolize and manipulate the nationalized news media. It will continue to destroy the reality of the democratic Portugal created by the April revolution, and to introduce elements that are harbingers of a new dictatorship into economic, social and political life. However, it will not confine itself to these methods.

As a major activity in the subversive, coup-related plan, "AD" (from the Ministry of Defense with Freitas do Amaral, and from the Ministry of Internal Administration with Angelo Correia) is restarting the military conspiracy associated with the determination of a national defense policy, the preparation of a new military service law, the creation of an intelligence service in preparation for a new PIDE [International and State Defense Police] and, in particular, the revision of the Constitution.

In the hope of succeeding, by means of the revision of the Constitution, in creating conditions that would be far more favorable for the dismantling of the democratic institutions, the total conquest of power and the final liquidation of the regime, "AD" may be prompted to try to avoid decisions and measures that might cause a new crisis in the government which it would not be able to survive.

This situation necessitates consideration of both overt struggle against the action of the "AD" government in its traditional policy, and precautions against and prompt unmasking of the democratic assertions and measures that "AD" might undertake.

4. Unmasking the Demagogy and Demanding Fulfillment of Demagogic Promises

"AD" is aware that the crisis which it is experiencing could prove fatal for it. Hence it is to be expected that, in an attempt to avoid a new crisis before the revision of the Constitution, the "AD" government will use, along with overtly unconstitutional, illegal and arbitrary measures and decisions, demagogic statements, promises and measures, in order to deceive the people, to reduce the indignation and to hamper the progress of resistance and struggle by the masses.

Any potential measures and decisions of the "AD" government favoring the interests of the Portuguese people will not be an expression of its real policy, but merely concessions to which "AD" was forced by the struggle of the workers and the popular masses. They will not be an expression of "AD's" concern for the people's interests, but rather an expression of its fear of defeat, and its inability to crush the combative will of the Portuguese people. Such potential measures and decisions (such as the increase in the minimum wage and the unemployment subsidy, raises in retirement and pensions and a certain pause in the offensive against agrarian reform) will represent serious defeats for the "AD" policy and real victories for the Portuguese people, owing to their staunch resistance.

When confronted with the demagogic statements and promises of the "AD" government, there must be, simultaneously, on the one hand, a steadfast unmasking of the demagogy and its true objectives and, on the other, a demand for the fulfillment thereof, provided it would benefit the workers, the Portuguese people and democracy.

For example, it should be demanded of the "AD" government right now that it actually implement the statements made about the government's fulfillment of the decisions of the Supreme Administrative Court which repealed the turnover of land reserves stolen from the UCPs/Cooperatives and the promises to abrogate the illegal decisions.

Potential demagogic measures, decisions, statements and promises of the "AD" government do not reflect strength, but rather weakness of "AD"; they do not reflect "AD's" confidence in itself, but rather fear of the future.

Potential demagogic measures, decisions, statements and promises from "AD" should not create any illusions about the policy and plans of "AD", but rather should reinforce the struggle against that policy and those plans.

5. An Imminent Danger: the Unconstitutional Revision of the Constitution

The unconstitutional revision of the Constitution plays a decisive role in the subversive, coup-related plan of "AD". In gross violation of the legal terms for the revision (specifically changing areas not subject to revision indicated in Article 290), the "AD" revision plan has two main objectives.

The first objective is to eliminate from the Constitution or drastically change the provisions relating to the revolution's great democratic conquests (workers' rights and liberties, economic organization, nationalizations, agrarian reform), thus paving the way for the complete destruction of those conquests and for the restoration of monopolistic capitalism, and of the economic and political power of the monopolies (associated with imperialism) and the large estate owners.

The second objective of "AD" in the revision of the Constitution is to dissolve the Council of the Revolution and to take away from the president of the republic his essential powers (specifically, that of naming the chiefs of the Armed Forces), thus paving the way for acting, with impunity, to pass unconstitutional laws, to perpetuate the "AD" government, to paralyze the political intervention of the president of the republic or to dismiss him, to destabilize the military institution, to oust the April military and to restore a fascist-oriented hierarchy in the Armed Forces that would lend military support for the "AD's" counterrevolutionary plan.

"AD" is attempting to make the revision within the shortest period of time. Insulting the glorious date of the victorious MFA [Armed Forces Movement] uprising, it wants to have its revision approved in February and put into effect on 25 April of next year, that is, within 7 months.

If "AD" were to obtain the revision that it wants, it would attempt in February to start dismantling the democratic structures and institutions, so as to be able to move to the final phase of liquidating the regime starting in April.

The revision of the Constitution which "AD" wants to make represents a mortal danger to democracy. It is an authentic coup d'etat aimed at the liquidation of the democratic regime. It is a vital matter to prevent that plan from being carried out.

6. The PS-'AD' 'Regime Pact' and the Coup Plan

"AD" alone cannot make such a revision of the Constitution. To change, replace or eliminate any provision of the Constitution requires two thirds of the votes in the Assembly of the Republic, and "AD" does not have that two thirds.

Only with the votes of the PS [Socialist Party] deputies would the revision that "AD" wants to make be possible.

Under these conditions, the PS alliance with "AD" for the purpose of revising the Constitution is an essential tool of the counterrevolutionary operation being carried out by "AD".

The facts (statements by M. Soares and other leaders of PS and "AD", negotiations that are under way and the revision plan submitted by FRS [Socialist Republican Front]) prove that the dangers of that alliance, that "pact", are real.

In the negotiations that are in progress between PS and "AD", Mario Soares is attempting to appear as a defender of the Constitution with regard to the principles of economic organization and citizens' rights and liberties.

But, while "AD" may be involved in those matters, if PS should join "AD" in the Assembly of the Republic (whether on the basis of the "AD" plan or on the basis of the FRS plan) to liquidate the Council of the Revolution, to transfer the powers of the president of the republic to the government (specifically, the appointment of the military chiefs and the administration of the Armed Forces) and to dismantle the provisions for overseeing the constitutionality of the laws, PS will be making a decisive contribution toward "AD's" taking over all the political and military power and carrying out its coup to liquidate the democratic regime (continuing to violate the Constitution, as is its practice).

Therefore, a serious reconsideration on the part of FRS of its positions and its own plan relating to these key areas of the organization of political power has become a pressing need for the defense of the democratic regime.

7. The Crisis Continues: a Democratic Solution Is Required

The crisis of "AD" and of the "AD" government has been temporarily surmounted. But the economic, social and political crisis which caused the crisis for "AD" and its government continues.

Since the causes still remain (the objective worsening of all problems, the struggle of the Portuguese people and the democratic forces, the operation of the institutions), it is to be anticipated that they will lead to a new government crisis and a new internal crisis for "AD" (which is currently acquiring a latent nature).

Because of the deliberate, systematic and gross violation of the Constitution and of democratic legality, because of its endeavor to destroy the democratic changes inherent in the regime, because of its submission to foreign imperialism and because of its plan to liquidate the democratic regime (quite obvious in all its action and in its plan for revision of the Constitution), "AD" has lost any legitimacy for continuing to govern.

It is a task for all democratic forces to impede the destructive endeavor of "AD" in the government and in the Assembly of the Republic, to prevent the progressive deterioration of the economy and of the standard of living of the Portuguese people and an increase in the already monstrous foreign debt that is making Portugal increasingly dependent on imperialism. It is a task to preclude the fulfillment of "AD's" subversive, coup-related plan to liquidate the democratic regime which at the present time is concentrated on the revision of the Constitution.

Despite the fact that the new "AD" government was formed a few weeks ago, the demand for its dismissal and for a democratic solution to the economic, social and political crisis is still quite timely.

8. Democratic Government, Early Elections

The dismissal of the "AD"-Balsemao-F. do Amaral government, the formation of a caretaker government that would uphold democratic legality, the dissolution of the Assembly of the Republic and the consultation of the electorate by holding early elections for the Assembly of the Republic have become goals of vital interest to the people and to the country; goals of deepseated concern to those who do not want Portugal to return to the past of exploitation and oppression which 25 April terminated.

"AD" has lost much of its base of social, political and electoral support. The defeat of the "AD" candidate, Soares Carneiro, in the elections of 7 December has already proven the existence of an extremely large, majority social and political camp that is opposed to "AD" and is opting for a democratic alternative. The great struggles of the workers, the unity of the working class, of vast masses of peasants and other strata of the population revealed in the opposition to the Balsemao government, and the sometimes vertical drops in the vote for "AD" in partial elections of the local governments prove that "AD's" base of support is becoming curtailed day by day.

"AD" has no backing from the majority of the Portuguese people, and has no legitimacy either to continue its antipopular, antidemocratic and antinational policy, or to undertake the revision of the Constitution.

The PCP's Central Committee proclaims that, in such a serious situation, the Portuguese people should be heard; and hence the solution to the current situation demands the holding of early elections within the shortest possible time, under truly democratic conditions; which requires that Portuguese who respect legality must be in the government.

We can be sure that the result of the elections will be the defeat of "AD" and the selection by the electorate of a new majority, a democratic majority, on the basis of which a government which will serve the people and the country must be formed, and on the basis of which the revision of the Constitution will guarantee and reinforce the democratic regime.

9. Essential Points in a Platform for Common Action

At this time of vital importance to the future of democracy, of the Portuguese people and of Portugal, all democrats are dutybound to seek to appreciate the common fundamental objectives and aspirations, with a view toward paving the way for understanding and common action.

The CC of the PCP puts forth a platform of five essential points for the common action of democrats:

1. Defense of the Constitution and of the democratic regime.
2. Defense of the interests of the workers and of the living conditions of the people.
3. Solution to the economic crisis and development of the country.

4. Guarantee of national independence, security and dignity.

5. Defeat of "AD" and democratic alternative.

The CC declares the PCP's readiness, in a profound and candid exchange of opinions, to examine these objectives with all the democratic forces as well as with social forces, making a determination of their concrete essence and of the possibilities for agreement and common action for attaining them.

10. Common Action of Democrats, a National Imperative

Understanding and common action among all democrats and patriots is becoming increasingly necessary as a national imperative.

The Portuguese democrats, if they are united and struggle with determination, have sufficient strength to oppose the antipopular, antidemocratic and antinational policy of "AD" and to defeat its subversive, coup-related plan.

A "new majority" to replace the present majority of "AD" deputies in the Assembly of the Republic and to offer a real alternative to the "AD" policy cannot be the so-called "Central Bloc", that is, an alliance of PS with PPD [Popular Democratic Party]/PSD [Social Democratic Party], with the more or less concealed support of CDS [Social Democratic Center Party]. The "Central Bloc" would necessarily be an alliance in the service of a right wing policy, very close to what has been that of "AD".

Within the space of 2 years, the PS alliance with PSD and CDS has proven that it serves only the enemies of democracy. The preeminent reflections of this alliance at present (convergence of the constitutional revision plans of FRS and "AD", backing for the UGT [General Union of Workers] puppet-federation, and agreements against APU [United People's Alliance] in the local governments, as the case of Loures proves with evidence) are manifestly opposed to the interests of the workers, the people and democracy.

The alliances which serve the people and the country are alliances of democrats, and not alliances of democrats with reactionaries.

The only "new majority" capable of representing a democratic alternative is a majority of democrats, wherein communists and socialists have a major role to play.

The CC once again confirms the PCP's complete willingness to examine with all the other democratic forces and independent democrats all the problems relating to the political situation, the democratic alternative and the formation of a new majority, a democratic majority.

The CC approves the recent initiatives of the Political Commission to the effect of multiplying contacts and exchanges of views with PS and all the other democratic parties and sectors, without exception, including elements within the orbit of PSD with liberal sentiments.

The CC confirms the PCP's insistence in this respect, despite the systematic refusals of the PS secretary general to hold any PS meetings with the PCP. There are many Socialists who are opposed to the alliance with "AD" and who advocate an alliance with the PCP. The policy of unity is the one which best suits the sentiments of Portuguese democrats.

In view of the serious dangers involved in the situation created by the revision of the Constitution, the CC underscores the urgent need for an understanding among all democrats to prevent "AD" from carrying out its subversive plan to liquidate the democratic regime. The PCP stresses the urgent need for a joint study of this matter by all democrats.

The democratic majority does, in fact, exist in the Portuguese society, among the popular masses and the electorate. Unity and struggle can insure victory.

11. Action in the Organs of Sovereignty and the Local Governments

Concurrently with the persistent efforts for common action on all levels (national, regional, local and sectorial) resulting from agreements or convergence among all the democratic political parties and sectors, specifically the PS, it is essential that the political struggle of the most consistent democrats take place immediately, as well as the organization and implementation of the popular struggle of the masses.

The struggle against "AD" and its government and on behalf of a democratic alternative, in defense of the people's interests, the revolution's conquests and the democratic regime, must take place in the diversified ways that the specific features of the Portuguese situation make possible and necessary: action in (or with) the organs of sovereignty, action in the local governments, a direct contribution to the solution of the problems, campaigns for information and explanation, and development of the popular struggle of the masses.

It is essential that the democratic forces continue to engage in persistent action in the organs of sovereignty or with them, as well as in the local governments.

Major tasks in this respect are:

a. Under the terms of the Constitution, to maintain relations with the organs of sovereignty, specifically with the president of the republic and the Council of the revolution, that are responsible for guaranteeing, within the context of the regime, the constitutionality of governmental and legislative action.

b. To take action in the Assembly of the Republic, seeking there an agreement among the deputies from the democratic parties to combat "AD" and, in particular, its plan for an unconstitutional revision of the Constitution.

c. To carry out a persistent effort in the local governments in the service of the populations and in the defense of the democratic local authority, to combat the antidemocratic administration of "AD" where it is in evidence and, with regard to concrete problems and partial elections, to develop the unity of the democrats and bring about the election of APU lists with extensive participation not only of

members of PCP and MDP [Portuguese Democratic Movement], but also of independent democrats and those of other political persuasions, including Socialists. The PCP Conference on Local Power to be held on 18 October is a major contribution from Communists to the improvement of the work in the local governments.

d. To resort to the courts against the illegalities and arbitrary actions of the "AD" government and other authorities, and to demand fulfillment of the decisions that restore democratic legality.

In the activity in (or with) the organs of sovereignty and the local governments, it is the mission of democrats to do everything possible to insure the normal operation of the institutions, with respect for the Constitution and for legality.

"AD" can survive only with unconstitutional and illegal methods and actions. The operation of the institutions and respect for legality doom "AD" to defeat and pave the way for a democratic alternative.

12. The Force and Decisive Role of the Workers' and Popular Movement

The workers' and popular movement, with its mass dynamics, is destined to play a leading role in the evolution of the political situation.

The experience of the Portuguese revolution and 6 years of heroic resistance to the policy of recovery for capitalists, large estate holders and imperialists carried out by consecutive governments proved the force and capacity for intervention of the popular masses in economic, social and political life. If it were not for the workers' movement and the mass struggle, the great democratic changes that have been achieved would not have occurred, nor would the democratic regime have withstood the offensives waged against it from the government by the reactionary forces for the past 6 years.

The mass struggle still has, at the present time, key importance in the defense of the Portugal of April.

A leading role is incumbent on the political parties and their political action in the Portuguese democratic regime. But the social organizations and movements, whose action has often assumed great political significance, have a fundamental role in the progress of the popular struggle of the masses, and wield an increasing influence on the nation's economic, social and political life.

The progress of the workers' and popular movement requires:

a. Reinforcement of the organization, unified nature, link with the masses and mobilizing power of the labor movement, with a reinforcement of all its structures (confederation, unions, federations, syndicates and company labor organizations), and the closest and most direct link between the labor leaders and the masses. Dynamization of the workers' commissions and their coordinating structures.

b. Reinforcement of the organization, unified nature, link with the masses and mobilizing power of other class organizations (of small and medium-sized farmers,

small and medium-sized merchants and manufacturers, intellectuals and technical cadres), as well as of the more underprivileged social sectors, such as retired and disabled persons.

c. The most dynamic, extensive and flexible structuring of the youth and women's movements.

d. Constantly growing participation in the popular movement by all organizations of an associative, social, cultural, recreational and sports type.

e. The development among all antimonopolistic social classes and strata and among all sectors of national life of the mass struggle for immediate, concrete demands associated with the most urgent needs and the most serious problems of the workers and the large masses of the population (wages, cost of living, unemployment, prices, housing, health, education, social security, democratic conquests, rights and liberties).

f. Accompaniment of the ideological struggle with action for immediate objectives.

g. Association (explicit or not) of the immediate objectives with the political objectives of the dismissal of the "AD" government, the defense of the Constitution and the regime, the holding of elections and a democratic alternative.

13. With the PCP, Unity, Organization and Action

The entire evolution of the political situation since 25 April provides irrefutable evidence that the people's interests, liberties and democracy are defended not against the PCP, but with the PCP, as the most consistent, firmest political force that is most profoundly linked with the people and the most determined and mobilizing in nature.

In the eyes of an increasingly larger number of Portuguese men and women, the PCP is appearing as the only great party in a position to be a driving force for the unity, organization and action of the workers and of all democrats to insure the defense and consolidation of the democratic regime and national independence, to defeat "AD" and remove it from power, and to achieve a democratic alternative with a democratic majority and a democratic government.

The remarkable success of the AVANTE Festival is a clear affirmation of the organizing force, the capacity for achievement, the dedicated militancy and the spreading mass influence of the PCP.

The reinforcement of the PCP in all areas of its activity and the progressive spread of its mass influence constitute an essential requisite for the victorious development of the workers', popular and democratic movement.

The CC of the PCP appeals to all militants and organizations to engage steadfastly in the battle for the defense of the Constitution and the democratic regime.

Today, as always, throughout the 60 years of its existence, the PCP is in the service of the people and the nation. In the complex, dangerous situation that

is being experienced, the PCP will do everything to merit the confidence that has been placed in it by a major portion of the Portuguese people.

With the PCP, with other democrats and patriots, with the great and powerful unifying organizations, with the workers, with the popular masses, Portuguese democracy will defeat its enemies and the Portugal of April will conquer.

26 September 1981.

The Central Committee of the Portuguese Communist Party.

Note From the CC of the PCP on the International Situation

1. The Central Committee of the PCP examined the most recent developments in the international situation, the "AD" government's foreign policy and the party's international activity.

The CC of the PCP concluded that, despite the serious threats hovering over the peace, liberty and independence of peoples in various countries and regions of the world as a result of the aggressive, militarist policy of imperialism, the international situation is continuing to evolve in favor of the forces of democracy, national independence, social progress and socialism.

2. The struggle against the aggressive, militarist policy of imperialism, led by the Reagan administration, constitutes a fundamental direction for the struggle of all the revolutionary, democratic and peace-loving forces.

American imperialism has unleashed and is pursuing a frenetic arms race aimed, at all costs, at destroying equilibrium and achieving military supremacy over the USSR and the socialist camp, imbalancing the correlation of forces in its favor, imposing its hegemony on world affairs and curbing and causing a setback in the liberating struggle of the workers and peoples that is experiencing a new, impetuous progress in our day. Through the exacerbation of international tension and the arms race, the most reactionary and militarist circles of imperialism are seeking a solution to the deepseated and widespread crisis besetting the capitalist system.

Under the protection of the campaigns regarding the "Soviet threat" and "international terrorism", the United States is persisting in its attempt to force the installation of its Pershing II and Cruise missiles in Europe. It is attempting to expand NATO's geographical scope and to reinforce this aggressive alliance with the entry of Spain, thereby introducing a new and serious factor for politico-military imbalance. It has virtually declared the entire planet a "zone of vital interest" and has appropriated for itself the right to install new military bases and to intervene militarily in the Middle East, Central America and Africa against sovereign peoples and states. It has overtly proclaimed its support for fascist, reactionary dictatorships (such as those in El Salvador, Chile, Egypt, Turkey or South Korea), and it has made use of the Zionists of Israel and the racists of South Africa in criminal acts of state banditry and terrorism, creating extremely serious threats to peace in those parts of the world. It has brazenly armed the Pakistan dictatorship in order to continue the intervention against the Democratic Republic of Afghanistan.

It has taken new, serious steps in its undeclared military alliance with the Chinese leaders, and has organized provocation and overtly threatened sovereign nations such as Cuba, Angola, Libya, Vietnam, Laos, Kampuchea and others. The U.S. production of the neutron bomb is a new, dangerous step in the direction of war which must be firmly denounced. The attempts by the United States to convert Europe into a theater of "limited nuclear war" which would leave North American territory safe from catastrophic destruction, although it is an illusion, involves quite concrete dangers which cannot be minimized.

2909

CSO: 3101/9

MEMBER OF SECURITY AND DISARMAMENT COMMISSION QUILTS

Copenhagen BERLINGSKE TIDENDE in Danish 28 Oct 81 pt II p 1

[Article by Solveig Rodsgaard: "The Professor's Farewell to the Government Officials"]

[Text] Professor Erling Bjøl did not derive much from his 10 months on the government's Security and Disarmament Commission (SNU). Now he is leaving the post, and here he tells why.

Professor Erling Bjøl has picked up his tools and left the government's much discussed Security and Disarmament Commission, SNU. He said that the commission can not function because it faces an impossible task. The commission can not have an official of the Foreign Ministry as chairman when politically controversial subjects are being discussed.

The chairman of the commission is Ambassador S. G. Mellbin. The other members of the commission are Lector Anders Boserup, Lector B. Heuerlin, Henning Gottlieb from the staff of the Prime Minister's Office, Major M. Clemmesen from the Military Office of the Ministry of Defense and Erling Bjøl, who has said farewell with significant effect in both the Foreign Ministry [line apparently omitted in text] and also awakened interest that none have wanted to contest Erling Bjøl's expertise. "He is not just anybody," said former Foreign Minister Henning Christopherson. So it also is interesting that in his letter of resignation to the members of SNU he wrote that all the members of the commission do not have a sufficient level of knowledge.

But Erling Bjøl does not want to expand further on that remark. He said that the members understand what he means.

Erling Bjøl, 62, is a professor and doctor of political science at Arhus University, and for many years has worked in national security and foreign policy. Previously he worked as a journalist, he is chairman of the board of directors of the Danish Foreign Policy Institute, he wrote many books on national security and foreign policy, and he is a well-known participant in current debates on these subjects.

The Nuclear-Free Zone

SNU has had problems since the commission was established 10 months ago. They attracted attention when they decided that their first report would concern the Nordic countries as a nuclear-free zone. That has obviously not been Erling Bjol's cup of tea.

"The decision to take up this subject was made at a meeting in February when I was absent due to illness. So I can not say much about it. I am more unhappy with the manner in which the question has been handled since. I believe that there are a number of questions that I would prefer to have studied in that connection, but I did not get sufficient agreement in the commission.

"There are many questions which in my opinion should be investigated concerning the Nordic countries as a nuclear-free zone. But time after time I have had the feeling that when we approached politically controversial subjects, the desire was to avoid them. And it was primarily the chairman who was against these subjects.

"For example, I would like to have it explained how this entire campaign of a nuclear-free zone arose. It had its origin in Norway in 1980, and I would like to have that further explained. Was it with the Norwegian sea-rights expert Jens Evensen, who really got this debate going, or something about American plans for Norway which we know nothing about?"

Back and Forth

What did the commission do to pass the time?

"Ah, many things can be said and written back and forth about that. When everyone discusses every side, and six people make their opinions known, then it is an international communique that we are dealing with, and that makes the time pass. I believe that it was an irrational way to work, and in any case it is not a method by which I can continue to work. I can use my time in a more fruitful way.

"Fundamentally, I think that the difficulty lay in the fact that when one comes from the background of an official of the Foreign Ministry, and another comes from an academic environment, they see things entirely differently. I was further handicapped by my background in press work, so I have a tendency that when I write something, it is on my own responsibility, and should not be discussed back and forth."

Erling Bjol believes that there is a use for the Security and Disarmament Commission which, independent of the government, would be able to obtain the materials needed for its deliberations.

"Therefore I tried to get the secretariat of the commission used in the correct way. I would have preferred that the secretariat keep itself informed of the international debate on national security policy, disarmament policy and arms control matters. If it kept up with the international press, etc., the material could have been better arranged.

"The Folketing really has no independent expertise. Politicians are referred to the government. So there could really be a good use for an organization of this kind. But I think it is a perverted construction when an official from the Foreign Ministry is made chairman. He is placed in an impossible situation, because he is required to be loyal to the government in office--and Danish officials should be glad of that. At the same time he must be independent in one way or another. And that is difficult to do.

"How should such a commission be built then? Well, look at how the Economic Council is set up. In the first place, there are not more than three members, and in the second place they are not officials. I believe it is a handicap to have a commission of six people. Why did they not want to follow the model of the Economic Council--perhaps because there was a fear that it would become too independent?"

SNU's Meeting

SNU will have a meeting tomorrow. They will then receive a couple of chapters from the report on the nuclear-free zone. But there is still a long way to go before the final report is ready.

Erling Bjøl realizes that the commission will have a hard time working.

"What have they previously had to work with? They have been assembled a few times, and will assemble again on Thursday to receive several papers. But until now the commission has really not had a function. I believe that members of the larger commission should have been included in the work."

9287

CSO: 3106/16

PAPER COMMENTS ON 'STORM-TOSSED' SECURITY PANEL

Copenhagen BERLINGSKE TIDENDE in Danish 29 Oct 81 p 12

[Editorial: "SNU in a Crosswind"]

[Text] The Security and Disarmament Commission (SNU) which the government formed last year has been "storm-tossed" during its entire existence. The formation of the commission was made unnecessarily awkward by the assumption that representatives of a free press could be included in a commission the task of which is to advise the government in office. Therefore most of the press representatives who were asked chose to say no to membership. Since then the commission has decided to take the Nordic countries as a nuclear-free zone as its first subject for investigation. That decision is also unnecessarily awkward because the choice of that subject is, to put it mildly, not neutral in terms of political party opinions.

Adding now to these difficulties, Professor Erling Bjøl has decided to leave the membership of the commission. His reasons for that step are mainly dissatisfaction with the working procedures of the commission. With impressive haste, the government has found a replacement for Erling Bjøl, but it has thereby cut itself off from listening to and learning from the criticism that Bjøl has made.

But in the main thesis of the criticism there is material worthy of thought. It is undoubtedly correct that the commission has been and will be handicapped in its work by the circumstance that a professional diplomat was made chairman, and that the other members come from, and therefore will protect the viewpoints of different agencies. The diplomat's viewpoint must necessarily be different from the researchers'. The diplomat has a responsibility to the system which he--regardless of his current function--is a part of. Therefore it must be his main effort to ensure that the work of the commission does not come in conflict with the official policy of the Foreign Ministry. Also, the members of the commission who are researchers have interests to watch out for. As individuals they must adhere to the researchers' tradition, which they support. As researchers they must also try to protect their freedom to ask questions and give answers.

SNU is therefore an organization which will have difficulty in surviving, and which in any case can not be expected to work harmoniously. Besides the difficulties which are built in, there are further problems which are related to the political representation in the commission. Instead of finding a rapid solution to the

problem which arose with Erling Bjol's departure, the foreign minister should have given himself time to think through whether the commission is appropriately put together. Experience from past efforts indicates that the mixture of research and administration can make the work of the commission entirely unimportant.

9287

CSO: 3106/16

GENERAL

DENMARK

DALSGAARD NAMED NEW INTELLIGENCE CHIEF

Copenhagen BERLINGSKE TIDENDE in Danish 31 Oct 81 p 2

[Text] On Monday a new chief will take office in the Police Intelligence Service (PET). Criminal Inspector E. Dalsgaard, 52, has been provisionally named head of the service's Criminal Police Section.

For a number of years he was chief of the Criminal Police in Glostrup, where he came after a career in the Personnel Section of the National Police. Dalsgaard was temporarily appointed to the position in the PET because the present inspector, H. M. Lauritzen has been ill for a long time.

The highest legal leadership of the PET continues to be conducted by Master Police Officer Ole Stig Andersen.

Criminal Commissioner Tom Beck was provisionally appointed as daily leader of the Criminal Police of Glostrup, one of the largest criminal police forces in the country.

Caption: E. Dalsgaard, 52, is moving from chief of the Glostrup Criminal Police to the Police Intelligence Service.



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